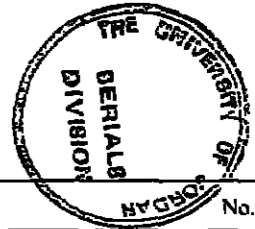


Herald INTERNATIONAL Tribune

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For Russia's Army, A Humiliating Retreat

Dismantling of a Once-Mighty Force Poses Critical Problems for Moscow

By Serge Schmemmann
New York Times Service

MOSCOW — Dismembered and demoralized, no longer as feared in the West or loved at home as before, the Russian armed forces are the most unwieldy and troublesome legacy of the Soviet empire.

Draft evasion is rampant, and if the current call-up goes as badly as some fear, officers might actually outnumber enlisted men.

Young officers are quitting in droves, leaving behind a top-heavy and hollow force. By some accounts, there are more generals now on the Russian General Staff than there were in the Soviet days, even though the Russian Army is less than 40 percent of what the Soviet force was.

Officers, reduced from the elite caste of an empire to an impoverished, disoriented and often homeless mass, have become less the guardians of a state than a menace to the sovereignty of Russia and its 14 new neighbors. By many accounts, military support for President Boris N. Yeltsin against the militant legislature in October was far from unified or certain.

In Moscow, a new "military doctrine" was finally produced, grandly declaring that the Russian Army no longer considered any nation or bloc to be its foe and that its new mission would be to react quickly to local conflicts.

But interviews with Russian officers, enlisted men and civilian specialists indicate that economic and political forces, rather than policy, are shaping the future of the force.

A shrinking military budget barely suffices to sustain the troops, leaving precious little for fuel, maintenance or the future. More than 180,000 officers are without housing. Workshops

are sold for scrap metal; the MiG design bureau sells rides in state-of-the-art MiG-29s for \$8,000 each, and soldiers sell their weapons or serve as mercenaries in regional wars. It is common to see soldiers openly selling fuel from army tankers.

"A tremendous military machine, second to none, has all of a sudden found itself in the position of a defeated army," said Sergei M. Rogov, a military specialist at the Institute of the U.S.A. and Canada, a Moscow research organization.

Paradoxically, it was in making their empire virtually invulnerable that the Soviets brought

about its collapse. Too mighty to tempt any enemy into armed attack, the military also proved too large for the Soviet Union to sustain.

"I cannot think of any parallel to this kind of collapse," said Richard Pipes, a professor of Russian history at Harvard University. "Great empires usually wear down or are defeated in war, but this kind of implosion is unprecedented."

Many senior Russian officers, humiliated by forced withdrawal from Afghanistan — where a Soviet-installed government was ultimately defeated — and Eastern Europe, do not hide their venation at America's treatment of former Soviet allies like Iraq.

The unexpected depth of resistance in the military to Japan's demand for the return of the Kuril Islands reflected a feeling that the time

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LONGING FOR LENIN — Russian security forces turning away a protester on Sunday outside the Lenin Museum beside Red Square. Several hundred pro-Communist demonstrators gathered to protest the recent closing of the museum by presidential decree.

EC Presses A Last-Ditch Plan to End Bosnia War

U.S. Stays on Sideline As Factions Prepare For Meeting in Geneva

By William Drozdiak
Washington Post Service

PARIS — Facing the specter of a catastrophic winter in the Balkans, foreign ministers of the 12-nation European Community are pressing a last-gasp plan to lift sanctions against Serbia in return for territorial concessions that could lead to a solution of Bosnia's civil war.

The European compromise, which would divide Bosnia into three ethnic ministates, will be placed before the leaders of Bosnia's Serbians, Croats and Muslims in Geneva on Monday. It is considered the last chance to mediate a settlement that could spare hundreds of thousands of people from the threat of death by shelling, starvation and freezing cold.

Although reluctant to legitimize Serb territorial conquests, the United States has refrained from publicly criticizing the plan in the absence of an alternative. The Clinton administration abandoned its proposal last spring to lift the arms embargo against the Muslims and use air strikes against Serbian artillery sites when the European allies objected.

After the fiasco in Somalia in which 18 American soldiers were killed on a United Nations peacekeeping mission, American diplomats acknowledge that the chances any U.S. troops would be sent to police a truce and uphold a peace agreement in Bosnia were virtually nil. As a result, the Clinton administration has been reduced to playing little more than a bystander role in Bosnia.

If an agreement can be reached carving up Bosnia, French military sources say "another 5,000 or 6,000 soldiers" would be necessary to patrol cease-fire lines along with the 9,000 troops now helping to deliver food and medicine in the former Yugoslavia. Under this scenario, the American role would be circumscribed to little more than air support.

Conceived by France and Germany, the European plan employs a carrot-and-stick strategy designed to persuade all three groups that now is the time to end their ethnic conflict and salvage what remains of their devastated lands.

An accord would hold out hope of relief from the sanctions that have all but ruined the economies of Serbia and Montenegro, the last remnants of the former Yugoslavia, if their Bosnian Serbian allies will relinquish enough land to satisfy the minimal territorial needs for a Muslim state.

The Muslims rejected an earlier plan put forward by Lord Owen, the EC representative, and the United Nations mediator, Thorvald Stoltenberg, primarily because it lacked sufficient land and guaranteed access to the Adriatic Sea. This time, the Muslim leadership is being told that further resistance will only inflict more suffering on their people.

The Croats, who control nearly all of the long Adriatic coastline, are being told that unless they cooperate, they and their patrons in Zagreb will receive none of the international assistance needed to rebuild their infrastructure.

"This is literally a do-or-die situation," a French official said. "We are using all the means at our disposal to reach a deal now. If it does not succeed, the consequences will be unbearable for everybody."

Although the history of Bosnia's 18-month conflict is a heartbreaking litany of broken truces and missed opportunities, European diplomats say they believe the approaching winter and the growing sense of desperation may now prod all three parties toward a settlement.

"The Serbs badly need to escape from sanctions, the Croats need our funds, and the Muslims must realize by now that the longer they

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Britain Admits Secret Contacts With IRA, Prompting an Outcry

By John Darnton
New York Times Service

LONDON — The government denied off a barrage of bitter attacks Sunday after its admission that it had held secret contacts with the Irish Republican Army.

The government had long claimed to be steadfastly sticking to its vow not to deal with the IRA, a "terrorist organization," unless it gave up violence in its campaign to end the British from Northern Ireland and unite Ulster with the Irish Republic.

The existence of a channel of communication — one that is so sensitive it was denied for weeks in the face of growing evidence — is viewed by many people who follow the situa-

tion in Northern Ireland as a significant development.

It means that two of the three parties involved, the Roman Catholic fighters and the British government, are engaged in some form of dialogue. But the third party — the Protestants trying to enforce continued union with Britain — are, conspicuously absent.

Protestant leaders such as the Reverend Ian Paisley, head of the Democratic Unionist Party, erupted in protest and fury. They accused the government of double-dealing and demanded the resignations of Prime Minister John Major and the secretary of state for Northern Ireland, Sir Patrick Mayhew.

There has been "deliberate barefaced ly-

ing," he declared. "Both the prime minister and the secretary of state are involved in this and both of them should get out."

No one expects Mr. Major to resign. But he and his Conservative government have clearly been embarrassed, and their credibility is at risk. The issue will go before Parliament on Monday, when the government has promised to lay bare its communications with the IRA.

The government's admission was forced by an article in Sunday's issue of the Observer that revealed the contacts and printed a document drafted by Sir Patrick himself that figured in them.

In the statement, the government admitted to using an unnamed intermediary only since

February when, it said, it received a peace feeler from the IRA. But Sunday, Sir Patrick acknowledged that the two sides had in reality been in contact for years, not months.

At a tense press conference in the seat of British rule at Stormont Castle, outside Belfast, the secretary of state denied deceiving the people of Northern Ireland and insisted it would have been unfeasible not to respond to what he described as a peace overture.

"I have certain responsibilities, and first and foremost among those is the responsibility for every single life in Northern Ireland," he declared. "Had I made no response, I do not believe that if subsequent bombs were exploded and lives were taken and people were

injured — as indeed was the case — I would have been readily forgiven by the people of Northern Ireland."

The meeting at which the document from Sir Patrick was handed over to a representative for the IRA occurred on March 22, two days after an IRA bombing in Warrington that killed two children and injured 55 people.

At a later press conference Gerry Adams, head of the political wing of the IRA, called Sinn Fein, accused the Ulster secretary of telling lies. He said the dialogue was more than a conduit, had been authorized by the

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4-Day Week Leaves Some Experts Cold

By Barry James
International Herald Tribune

PARIS — Four days or five? The idea of shortening the workweek and sharing jobs, now making minds in Continental Europe, leaves many economists and labor specialists unconvinced.

They say it won't work in every country because the price of labor and labor flexibility varies so much. Britain's chancellor of the Exchequer, Kenneth Clarke, who opposes any labor-market regulation, dismisses job-sharing as a "jolly."

The experts add that while shortening the workweek is an option in big companies, like Germany's Volkswagen AG — which shortened its workweek to 29 hours and cut pay as an alternative to laying off 30,000 workers — it is

unlikely to be an effective step for small and medium enterprises that place a premium on flexibility.

Economists at the Organization for Economic Cooperation and Development, which is more than halfway through a two-year study on employment, say that job-sharing is no panacea. They are unwilling to express their doubts in public because the question of the four-day week is a controversial political question in some member countries, particularly France, the OECD's host nation.

"It's most unlikely that you are going to discover any new theory that will solve the whole thing," one OECD official said guardedly.

Even Jacques Delors, the president of the EC Commission and an enthusiast for job-sharing,

acknowledges that "there is no single miracle cure."

Companies that have introduced shorter workweeks, such as Hewlett Packard in France, have done so primarily to increase productivity by fitting more shifts into the available time. Higher productivity then leads to more jobs, but this is not the chief aim of the companies concerned.

The idea that job-sharing can relieve structural unemployment goes back to a labor theory put forth by Jeremy Bentham, the English utilitarian philosopher who died a century and a half ago, that the amount of work available is always finite. A more optimistic theory, Say's law, laid down by a French contemporary of Bentham's, Jean-Baptiste Say, holds that every

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Economics Chief Outlines Cure For Ailing German Workplace

Reuters

FRANKFURT — Economics Minister Günter Rexrodt has challenged the long-standing order of "labor market politics" by proposing sweeping changes to the German workplace as industry leaders predicted that unemployment would worsen next year.

In a policy paper sent over the weekend to Mr. Rexrodt's Free Democratic Party, the junior partners in the governing coalition, the minister called for an end to what he termed "taboos in labor market politics" in order to stimulate employment.

He said that new direction was needed on wage policy, that a secondary job market should be created with lower wages and that greater flexibility was needed on working hours.

Employers' leaders told the Cologne newspaper Express that they saw no return for the weak economy and that they thought the job market was unlikely to improve in 1994.

Hans-Peter Stuhl, head of the German Federation of Chambers of Commerce, said: "I

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British Running Out of Patience On Hong Kong

Compiled by Our Staff From Dispatches

HONG KONG — Governor Chris Patten said Sunday that Hong Kong's patience was wearing thin after the latest round of Chinese-British talks on the territory's political future ended without agreement.

Negotiators ended the 17th round of talks in Beijing on Saturday, with the two sides failing to agree to hold another meeting.

"We've had, alas, another sad and disappointing round," Mr. Patten said. "We haven't, alas, even been able to agree on the straightforward things."

Mr. Patten's comments on "straightforward things" apparently referred to elections for local district boards in 1994.

He said the Hong Kong community had been patient but that the "patience is understandably wearing a bit thin."

British officials had billed Round 17 as a make-or-break session, saying only swift agreement on less contentious parts of the Patten package could yield optimism about an overall deal.

In Beijing, the Xinhua press agency quoted an unnamed source as saying that "the British See COLONY, Page 7

Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Comoros 700 CFA	Qatar.....8.00 Riels
Egypt.....E.P. 5000	Saudi Arabia.....11.20 FF
France.....9.00 FF	Senegal.....400 CFA
Gabon.....400 CFA	Spain.....200 PTAS
Greece.....280 Dr.	Tunisia.....1,000 Din
Ivory Coast 500 CFA	Turkey.....T.L. 10,000
Jordan.....1 JD	U.A.E.....8.50 Dirh
Lebanon.....US\$1.20	U.S. Mil. (Eur.) \$1.10



Nelson Mandela, the leader of the African National Congress, greeting a drum majorette during a rally held north of Pretoria.

A Homeland That Won't Go Quietly

By Bill Keller
New York Times Service

MABOPANE, South Africa — South Africa has made millions of blacks into outcasts and outlaws, exiles and aliens.

It also made Lucas Mangope a potentate, with his own toy country, his own slowcase capital rising at the edge of the Kalahari Desert, and his own army, which paraded before him over the weekend in gold ascots and green berets.

ments of the racist design called grand apartheid.

The new constitution, which would restore full citizenship to 30 million blacks in April, would also abandon the fiction of the black homelands, untroubling Mr. Mangope and dividing a newly configured South Africa.

But Bophuthatswana is not going quietly, the president assured his troops in a speech bristling with defiant barbs at what he calls "the communist African National Congress" and the white government that betrayed him.

Thanks to his formidable alliance with white separatists and other homeland leaders, he de-

clared between the two-bowitzer salute and the six-man parachute unit, not even the ANC "will be able to kill all of us."

Bophuthatswana may accept return to South Africa, he concluded, but only on terms that leave the homeland intact and largely in control of its own affairs.

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Japan Takes the Big Leap Into China's Hot Economy

By Steven Brull
International Herald Tribune

BEIJING — Entering Matsushita's TV picture-tube plant here, visitors could be forgiven for imagining themselves in pristine, high-tech Japan. They are stopped at the entrance and asked to wrap their shoes in plastic coverings that keep the factory dirt-free.

Although startling to Chinese, the wrapping ritual has become routine for Matsushita. All year long, a parade of executives and officials has been touring the facility, looking for pointers that will guide the coming boom in Japanese investment in China.

After straddling the fence, corporate Japan is finally taking a big leap into the world's fastest-growing economy.

Putting aside fears of Chinese political instability and the risks inherent in strengthening its historical rival, Japan is preparing to provide business capital and resources that will transform the relationship between the region's two major powers as it boosts China's integration into the world economy.

Japanese investment in China is set to double this year, to \$2.0 billion, even as Japan's overall investment falls due to the collapse of the bubble economy. In contrast, Japanese compa-

nies invested a total of \$4.8 billion in China from 1951 to 1992.

"There's not a single major company that's not thinking about investing in China," said Ryusuke Ikegami, general affairs manager at the Japan-China Investment Promotion Organization. "It's only a question of timing: Now or in three to five years?"

Finance Ministry officials and Japanese financial analysts and company officials will risk

First in a series

no hard estimates, but in interviews here and in Japan they agree that Japanese investment in China will continue to accelerate in coming years.

Relative to Japan's total outward investment, China's share remains small. With the exception of the electronics industry, most investments have been made by small and medium-sized companies. The amount is set to surge as the titans of Japan's automobile, steel and petrochemical industries enter the fray.

Marubeni, the trading company that handles nearly one-tenth of Japan's \$30 billion bilateral

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Kiosk

PLO Reminds Israel of Dec. 13 Limit

COPENHAGEN (Reuters) — The Palestine Liberation Organization called on Israel on Sunday to respect a Dec. 13 deadline to withdraw its troops from Gaza and the West Bank town of Jericho.

Related article: Q&A, Page 2

Q & A: Change Can Now Begin, Peres Says

Shimon Peres, Israel's foreign minister, was in Brussels last week for talks with European Community officials. He spoke with Tom Buertke of the International Herald Tribune.

Q. Thursday was the bloodiest day in Gaza since the signing of the accord in Washington. What happened to the promise and the high hopes of September?

A. Well, we are still at the planning and negotiating situation. Nothing was yet implemented. The situation was changed on paper, not on the ground. I'm convinced that once the changes will gain the ground, we shall see a different situation. For example, the police force that the Palestinians have to build is today a plan on a table. But once it will be in force on the land, we shall be able to judge its effectiveness.

Q. Will the beginning of the Israeli withdrawal from Gaza and Jericho be delayed beyond Dec. 13, as Prime Minister Rabin suggested?

A. There is I think a little bit of misunderstanding. We have to conclude our negotiations by Dec. 13. Then we have four months to implement the agreement. So even if there will be a delay in the beginning, there is no reason why we shouldn't be able to keep the timetable on the conclusion.

Q. Will you complete the agreements by Dec. 13?

A. I hope so but there may be some delays as well. For example, the economic issue was started very late. We may encounter some difficulties in reaching an agreement on, for example, the definition of the Jericho region. Maybe. But I do not consider it catastrophic or a departure from the timetable.

Q. What signs do you see that a Palestinian police force can control the kind of violence we saw Thursday in Gaza?

A. You see, every confrontation between our army and Palestinians in the territories is immediately not a confrontation between a police force and people who violate order but a confrontation between two people. For that reason, I think we shouldn't police the Palestinian life. The Palestinians should police their own life. So when they will police it, it will be in the name and in the authority of law and order, not in the name of one nation governing the life of another nation.

Q. What will be the role of Israeli security forces in Gaza and Jericho, and their extent?

A. We shall have two roles. One is against an outside invasion. And to guarantee the security of the Israelis who reside in the territories.

Q. Will that include seeking out fundamentalist leaders, Hamas leaders?

A. No, that will be the responsibility of the Palestinians. The Hamas is against the peace process. They want to kill the peace and they are ready to assassinate the people who are for peace. So it is for the Palestinians to defend themselves, not for us to do so instead of them. Surely, if there is somebody from Hamas who will try to introduce terror in any place, we shall take all the necessary measures to confront. But in the territories itself it will be the task of the Palestinian police to guarantee their security, their safety, their order.

Q. The Egyptian foreign minister has called on Israel to make a gesture to Damascus to bring Syria into the peace process, perhaps by recognizing Syria's claim to the Golan Heights. Is Israel ready to make that kind of a gesture?

A. I am not sure that this is what the Syrians are expecting. The order of the negotiations, logically speaking, should be in understanding what do we mean by peace. For example, do the Syrians include in the peace respect, the establishment of embassies, free trade, open borders? Or peace is just a declaration? Then we have to agree on the nature of the security arrangements for the future. And once we shall agree on those two issues, then we can begin to discuss the Israeli withdrawal.

Q. Can you sign an agreement with Jordan before making some kind of breakthrough with Syria?

A. In our judgment, while we don't want to separate between the Arab countries, we are not ready to hand out an agreement to another because then the slowest party will decide the speed of the peace process, which may mean a postponement.

Q. It would have taken a visionary 15 years ago to see the events of the past few months. What do you see in the region in 10 to 15 years?

A. I think it must become either a common market like in Europe or a free-trade zone like in North America. I think entering the 21st century the Middle East can fall down like some African countries, where the desert is eating up the land and AIDS is endangering the people and the corruption is paralyzing the government. Or it can become an Asia, or Europe, or America. I think the basic aim should be not just to have peace but to promote the standard of living to a modern height.

The children of the Middle East like the children of Europe and Asia are watching television every day. They are comparing their lives with the lives of others. And they ask themselves, 'Why can't we be as free or as happy or as mobile as the others are?'

In a Corner, Rabin Casts About for New Allies

By Clyde Haberman
New York Times Service

JERUSALEM — A divided Israeli cabinet voted Sunday to sponsor legislation that would prevent the importation of nonkosher meat into the Jewish state.

Whatever the move may say about future dining habits in Israel, it spoke volumes about the political headwinds of Prime Minister Yitzhak Rabin, who is unabashedly trying to win back a religious party that walked out of his coalition a few weeks ago, leaving him in command of a minority government.

It takes a ban on nonkosher meat to woo the Shas of ardently Orthodox Jews and thus restore his parliamentary majority, then Mr. Rabin's attitude is: So be it.

It is especially distressing for him to be weakened politically just as he is guiding his country into one of the most momentous periods in its history: the transfer of authority in the occupied territories from Israel to the Palestine Liberation Organization, scheduled to begin in barely two weeks in the Gaza Strip and the West Bank town of Jericho.

Mr. Rabin has already warned that Israel will not adhere to the Dec. 13 deadline for the start of a troop withdrawal from those areas unless the PLO accepts the security guarantees that he wants for Jewish settlers in the territories.

His political minority status also raises important questions about his strength to reach more accords that involve Israel's ceding control of territory to the Arabs, particularly on the Golan Heights and along the Jordan River border with Jordan. Even volumes of his Labor Party have cautioned him about how much land Israel can safely give up and still protect national security.

None of this means that Mr. Rabin's government is in imminent danger of collapse. Shas, which walked out on the prime minister because of corruption charges brought against its leader, Aryeh Deri, a former interior minister, has not gone so far as to join the opposition. Instead, it prefers to sit on the fence, weighing its options.

Also, in a pinch Mr. Rabin has been able to count on five lawmakers from predominantly Arab parties to help defeat no-confidence motions, although some Arab leaders are warning him that, unless he brings them into his coalition, their continued support from outside should not be assumed.

Because of the Arabs' past alliances with the PLO and their support for a future Palestinian state, he is loath to make them full partners and put them in charge of ministries, something that has never been done in Israel. But now that he does not have the six representatives of Shas on his side, he can bank on only 56 votes among the Knesset's 120 members — 44 from Labor and 12 from the leftist Meretz bloc.

And he feels stymied. "The situation now is one in which we can block the establishment of another government or pass the peace agreement, but we cannot effectively govern," he told Labor members a few days ago, complaining that the cabinet was vulnerable to political extortion.

A person close to Mr. Rabin said, "You can't take enormous steps with 56."

In the hope of luring Shas and perhaps other Orthodox politicians as well, the cabinet agreed to seek new laws blocking imports of nonkosher meat, a hot issue lately. Mr. Rabin got his majority with support from fellow Labor members, although Meretz ministers voted against him on the grounds that people have a right to have food that they want made available to them.

There are already limited nonkosher imports carried out by private companies. But most meat is brought in under government auspices, and it is all kosher; that is, from animals slaughtered according to Jewish dietary laws. The government now wants to turn the operation over to private hands, and the Israeli Supreme Court, in a case brought by importers, has ruled that officials cannot interfere with how private businesses go about their affairs. The effect of it was to say "yes" to nonkosher meat from abroad.

Mr. Rabin wants to countermand that ruling through legislation barring such imports. Officials argue that even Israelis who are not rigorously observant often prefer kosher meat to nonkosher, and would not consider the ban to be onerous.

WORLD BRIEFS

Swiss Approve a Value Added Tax

ZURICH (Reuters) — The Swiss voted Sunday to introduce a value added tax to curb a soaring government deficit and fall into line with other West European nations.

Results from 18 of the 26 cantons and half-cantons showed that 455,548 voted in favor and 290,195 against introducing a universal 6.5 percent value added tax on goods and services at the start of 1995 to replace a more selective 6.2 percent tax levied only on goods. Swiss voters had turned down a value added tax in referendums in 1977, 1979 and 1991.

On another issue, voters rejected a ban on tobacco and alcohol advertising, a proposal put forward by health experts but opposed by the government.

Main Mexican Party Picks Candidate

MEXICO CITY (Reuters) — The governing Institutional Revolutionary Party said Sunday that its candidate for the 1994 presidential elections would be Luis Donaldo Colosio, the minister for social development.

Mexico's governing party, the PRI, has governed the country since 1929, and all its presidential candidates have won by a large margin. Mr. Colosio will face a popular leftist candidate, Cuauhtemoc Cardenas, the son of a former president, in the August 1994 presidential elections.

Mr. Colosio, 43, a native of northwestern Sonora state who is known as a close associate of outgoing President Carlos Salinas de Gortari, backs the North American Free Trade Agreement, which is due to go into effect Jan. 1. Mr. Cardenas, on the other hand, says he may renegotiate the accord if he is elected president.

Greece Directs More Anger at EC

ATHENS (Reuters) — Greece accused its European Community partners again Sunday of plotting secretly to establish diplomatic relations with the former Yugoslav republic of Macedonia. Deputy Foreign Minister Theodore Pangalos said, "It is outside EC practice to make agreements which concern a Community member without informing that member."

Returning from a trip to Cyprus, he said that Greece had been aware for several days that its 11 EC partners were preparing secretly for the simultaneous setting up of diplomatic offices in the Balkan republic. Mr. Pangalos caused a storm last week by calling Germany "a giant with bestial force and a child's brain" over the same issue.

Athens has campaigned against international recognition of the Balkan nation, asserting that its use of the name "Macedonia" implied territorial ambitions against Greece's own Macedonia Province.

Aidid Boycotts Ethiopia Conference

MOGADISHU, Somalia (AP) — General Mohammed Farah Aidid, the Somali strongman, is boycotting this week's conference in Ethiopia, his spokesman said Sunday, threatening to ruin a chance for the nation's rival factions to reconcile their differences.

General Aidid would only attend the conference if the United Nations released three of his top aides, the spokesman said. Aidid told an organized rally of Aidid supporters in Mogadishu that UN and American officials have said the men likely won't be released soon.

Mr. Ghabdidi said that instead of General Aidid, 24 representatives would fly to Addis Ababa, the Ethiopian city where the conference starts Monday, to press for the release of Osman Ato and two other Aidid aides. Mr. Ato is General Aidid's main financier and has a large following.

TRAVEL UPDATE

London Subway Is Still Partly Closed

LONDON (Reuters) — Londoners face a sixth day of commuter chaos on the Underground rail system on Monday with a large section of the east London network shut because of a power failure, London Underground said Sunday.

A line going through the City and central London has been partly closed since Wednesday and is unlikely to be back in business for the morning rush hour on Monday, a spokesman said. Buses will serve stations along the line. London Underground said it had yet to isolate the electrical fault in the aging 145-kilometer (90-mile) cable serving the line but believed it was close to tracing the problem.

Hotels, holiday homes and boarding schools are already almost completely booked for the 50th anniversary on June 6, 1994, of the Normandy landings. A regional tourism official for Calvados said 95 percent of hotels in the department were booked for the week of June 3 to 9. In neighboring Manche, there is no more room for groups, according to a spokeswoman of the Liberty 1944 association. (AFP)

French and Italian officials have agreed to a Lyon-Turin-Milan TGV link, the latest step in a plan leading to high-speed rail travel between France and all neighboring countries. (AFP)

Diphtheria has killed 300 people in Russia in the first 10 months of the year and is spreading, a Russian health official said in Moscow. About 10,000 cases of diphtheria, more than a quarter of them children, were registered between January and October, he said. (AFP)

Walt Disney Co. has opened a Disney Store on the Champs-Elysees in Paris, its third in France. The company plans to open three more stores in France before Christmas. (AFP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Albania, Liberia, Prisma, Serbia.
- TUESDAY: Philippines, Serbia.
- WEDNESDAY: Central African Republic, Chad, Macao, Portugal, Romania.
- THURSDAY: Cuba, United Arab Emirates.
- FRIDAY: Ghana, United Arab Emirates.

Sources: J.P. Morgan, Reuters.

German Network Is Cool To American-Flavored TV

BERLIN — A television station backed by American investors started broadcasting Sunday in Berlin with a critical scold from a German government-funded network that saw "totalitarian" aspects to U.S. media ambitions in Europe.

Saying it was the first local commercial station in Germany, 1A opened its schedule with a Lutheran service for Advent. The first day's programming also had a live report from a local horse race, a circus show, advertising from local car dealers and supermarkets, a Gina Lollobrigida movie, a program on the singer Tina Turner and David Janssen in "The Fugitive." Time-Warner Inc. and other American backers hold a majority stake in 1A.

Mayor Eberhard Diepgen of Berlin pushed a button to start the broadcast and wished 1A "good cooperation" with Germany's big public stations. But the first comment from that sector was negative.

A report Friday on ZDF, a channel financed by viewers' fees, cast a sharply questioning eye on the style of U.S. commercial television and on the ambitions in Eastern Europe of the American backers of the new Berlin station. Luisa Brami, presenter of the ZDF "Aspekte" culture program, said American images and lifestyles would be beamed into Germany and Eastern Europe.

"Could it be," she asked, "that this American way of broadcasting, though it is presented so democratically, has totalitarian aspects?"

Egypt Zeroes In on Students

By Chris Hedges
New York Times Service

CAIRO, Egypt — Battling a rising tide of Islamic militancy, the government of President Hosni Mubarak is moving to stamp out the powerful Islamic student organizations at Egyptian universities.

The crackdown has led to a half-dozen student demonstrations, including one at Alexandria University a month ago that left at least 10 students injured after it was broken up by policemen.

Student protesters briefly occupied the president's office at Cairo University this month, and dozens

of riot police officers remain stationed at the edge of the campus.

"They should be studying, not carrying out these activities," said Lieutenant Colonel Mahmoud Fawzy, an Interior Ministry official. "These campuses have become a dangerous recruiting ground for the terrorists."

Colonel Fishawy, seated in his office in the heavily guarded ministry, held up a photograph of a young police officer who had been killed by militants the day before. "We are at war," he said. "People have to die on both sides." The war is heating up. Prime

Minister Ataf Sedki was nearly killed by a car bomb on Thursday as he rode in his motorcade. The bomb, Egyptian officials contend, heralds a new, more professional type of terrorism inspired, if not directed, by Iran. The Iranian government denies the accusation.

Czech Party Re-elects Chief

Agence France-Press

KOPRIVNICE, Czech Republic — The Czech prime minister, Karel Klens, was re-elected Sunday as president of the governing Civic Democratic Party at the end of a two-day party congress.

A Jazz 'Sideman' Vaults Into Limelight in Japan

By Steven Brill
International Herald Tribune

TOKYO — Sidemen are supposed to mind their places, never stealing the limelight. Yet Junko Onishi, one of a handful of promising young jazz musicians for whom ambition gets the better of convention, cannot hold back once she dives into an extended improvisation, even if it means making the band leader sound flat.

It is not a skill the 26-year-old picked up during six years in the States, where she played piano behind the likes of Joe Henderson and Freddie Hubbard. Nor, she maintains, did she risk losing the knack last year by returning to Japan, a society whose conformist ideals run counter to the spirit of jazz.

"To me, it's the same," she said in English traced with a black American accent. "Wherever I am, I always try to play what I want to play."

Over the last year, the pianist and composer has become the darling of the Japanese jazz world. Her fiery playing, steeped in the stylings of Art Tatum, Hampton Hawes and Duke Ellington, has breathed life into the tired local scene.

She has recorded two albums for Toshiba-EMI and has appeared on the cover of Japan's glossy jazz monthlies, Swing Journal and Jazz Life. Her second disk, "Crucian," with the drummer Billy Higgins and Rodney Whitaker, bass, will be released overseas next year. Her far better first album, "WOW," with Tomoyuki Shima on bass and Dair-

iki Hara on drums, is available only in Japan.

Like the pianist Makoto Ozono nearly a decade ago, and the saxophonist Sadao Watanabe in the 1960s, Miss Onishi has raised hopes among Japanese critics that one of their own will make it big in the West. Call it the Great Yellow Hope. Unlike Europe, which has contributed its share of international jazz stars, Japan has seen its players well known mostly at home. The major exception is Toshiko Akiyoshi, a pianist best known for her compositions for the big band co-led with her husband, Lew Tabackin.

But the others have disappointed, sacrificing promising careers to pursue commercial projects and never finding the groove again. Miss Onishi, seemingly unaware that Japan's record industry has systematically sterilized a generation of artists, says she will be different.

"The people who love jazz music would never do that kind of thing," she said. "They just believe in acoustic sounds and swing."

She was born in Kyoto but moved with her family to Tokyo at age 4. They moved into the fourth floor of a large, nondescript apartment building. Filtering down from the floor above, she could hear the sound of a piano, and at 4 insisted she get the chance to make her own music.

Like most good girls studying piano in Japan, she was taught only classical music. She was not seriously exposed to jazz until she attended the Berklee School of Music in Boston in 1986.

Before that, her only knowledge of jazz came through records. She owned only three. But one of those, the classic collaboration between John Coltrane and Thelonious Monk, convinced her that she should become a jazz pianist.

"As soon as I listened to the



Junko Onishi: "I just wanted to play jazz. That's it."

record," she said, "I knew, 'This is it.'"

Getting her parents to send their 18-year-old daughter to study jazz in the United States, though, was a tough sell. "They were mad, and we argued all the time," she recalled. "I didn't eat anything and just stayed in my room. I never talked to them or saw them. Then, finally, I won."

At Berklee, she fell in with a group that included Delfeayo Marsalis, a trombonist and the younger brother of Wynton and Branford, and the trumpeter Roy Hargrove. "I used to hang out with them and do sessions all the time," she said. "I learned from the jam sessions, not the classes."

Fifty for the real thing after three years in Boston, she rented an apartment in New York. But there, the elfin Miss Onishi had a hard time convincing anyone that she was serious about her work. For six months, she went to after-

noon jam sessions run by the Harper Brothers at the Blue Note. But they never gave her a chance, seeing her as just another young Japanese woman whose interests were not entirely musical.

"They're like jazz groups," she said of the Japanese women who frequent jam sessions. "They want to date some jazz musicians, black jazz musicians. So they sometimes say they're pianists or vocalists."

With her visa almost expired, Miss Onishi was close to giving up and returning to Japan. But she decided one night to head uptown to Augie's bar, where the alto saxophonist Jesse Davis led a quintet that opened into a jam session during the third set. The house pianist, irked by a long line of horn players waiting their turn to sit in, asked if anyone in the house could spell him.

"At first no one answered," she said. "Then I realized I was the

only one. I said I'm a piano player. Finally, I got a chance to play in New York.

She was so good that Jesse Davis dismissed the house pianist. Exposure there led to calls from Joe Henderson, Freddie Hubbard, Betty Carter, Kenny Garrett and the Mingus Dynasty band. Tours of the United States, Europe and Japan followed. It was a dream come true.

But also one shattered.

"Every time I went on the road with them in Europe or Japan," Miss Onishi said, "I felt so many differences about our backgrounds. I wanted to play jazz because I liked it so much. But they were kind of paranoid about being black or being jazz musicians."

"A lot of the young people, or even the old cats like Joe Henderson and Freddie Hubbard, they're always saying, 'Well, for black people, there are only two ways to make money and be famous. One is being an athlete, the other is being a musician.' People say it's New York vibes, but I was kind of sick of that. I just wanted to play jazz. That's it."

"They also always said jazz is for black people. They didn't say only black people can swing, but to me it sounded like that. I didn't want to hear it anymore. It was too much for me."

To make things worse, gigs with the masters, which paid a miserly \$70, were far from being a maturing process. She was pressed to play in the styles of Herbie Hancock, McCoy Tyner and others.

When her mother became ill last year, Miss Onishi returned home. She formed her own trio and has worked as a sideman with the trombonist Shingaru Mukai.

"It's harder here to find good bass players or drummers," she said, "but there's more of an opportunity to do my own things."

Hindu Extremists Fade

By Molly Moore
Washington Post Service

NEW DELHI — In the first major elections since sectarian riots swept India a year ago, the Hindu nationalist opposition party that

helped to fuel the country's religious turmoil has lost key elections in state voting.

Early results Sunday in four important north Indian states upset efforts of the Bharatiya Janata Party to increase its political power and its platform of Hindu chauvinism, a trend many feared could escalate religious strife.

Although vote counting will continue for several more days, early results showed the Bharatiya Janata winning decisively in the capital, New Delhi, and leading in Rajasthan, with the governing Congress Party claiming the mountain state of Himachal Pradesh and socialist-leaning third parties winning in Uttar Pradesh.

Vote counting will not begin in an additional two states until later this week.

Although many political leaders and pundits had billed the state elections as a referendum on the country's political future, analysts said Sunday that the mixed results instead demonstrated the voters' refusal to be swayed by religious emotions, as well as a frustration with the rhetoric of both the Bharatiya Janata and Prime Minister P.V. Narasimha Rao's Congress Party.

The Bharatiya Janata is held responsible for creating the atmosphere that led radical Hindus to tear down the Babri Masjid mosque at Ayodhya last December, the event that sparked rioting that took about 1,600 lives.

In the aftermath of the destruction of the mosque, Mr. Rao dismissed the party's governments in four states. For the last month, polling has been conducted in those states under stringent security.

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BOOKS

GOING OUT: The Rise and Fall of Public Amusements

By David Nasaw. 312 pages. \$25. Basic Books.

Reviewed by Jonathan Yardley

A CENTRAL reality of American society in the late 20th century is that it is atomized and Balkanized. Americans live not so much together as apart. They stroll the sidewalks or jog the pathways cocooned in Walkmans, and drive the highways cocooned in dashboard-mounted CD systems; they rent videotapes to be watched in the privacy of their residences or hook themselves up to the private universe of cable television; they work in home offices where their principal links to the outside world during business hours are electronic; they treasure privacy as an implicit constitutional right and hire lawyers to defend it.

Whether all this is for good or ill is a question still in the early stages of debate. What is certain, though, is that it stands in stark contrast to American life as it was lived in most of the rest of this century. Until the technological revolution began to make its effects felt in the middle class, most Americans spent their lives in public. They worked on crews or in offices, they played games in public spaces, they found amusement in the company of their fellow citizens.

lectively. On entering the park, one surrendered one's individual standing in the outside world and merged into a temporary play community which coexisted with one's visit and dissolved immediately thereafter. It also needs to be acknowledged, as Nasaw does only in passing, that ultimately the same popular amusements in which blacks were mocked and scorned became the avenue on which blacks began their march into the American mainstream. The great irony of Nasaw's tale, though it is one he overlooks, is that sports and entertainment are now the principal sources not merely of black success but of white acceptance of blacks. African Americans may still find doors closed to them in business and industry and the other bastions of the American economy, but on the playing field as on the screen and in the recording studio, they can go as far as their talents can take them. Even as public amusements retreat into the privacy of the living room, their democratizing powers remain undiminished.

Jonathan Yardley is on the staff of The Washington Post.

ments granted admission to a "kingdom of democracy" that helped them adjust to America and to each other; to his credit, Nasaw is quick to acknowledge this.

Nasaw's prose may be indigestible but his point is correct: Public amusement became a form of socialization in which the various barriers that divided Americans — class, money, education, ethnicity — were at least temporarily lowered in a "promiscuous mixing of disparate social groupings." People came to movie theaters "prepared to merge unobtrusively into the crowd."

The public amusements about which he writes played an important role in America's adjustment to its changed populace and its accommodation to the changed ways of the 20th century. Certainly it is true, as Nasaw says over and over — and over — again, that black Americans were not merely excluded from most of these amusements but also were often the subjects of mean, racist parodies. For other Americans, though, public amuse-

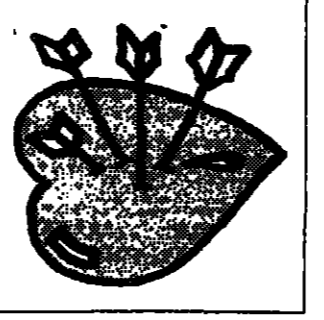
ments granted admission to a "kingdom of democracy" that helped them adjust to America and to each other; to his credit, Nasaw is quick to acknowledge this.

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Jonathan Yardley is on the staff of The Washington Post.

WHAT THEY'RE READING

• Jeanne Moreau, the actress, is rereading Graham Greene's "The End of the Affair" in English. "I tell my French friends they must read this book — the language is absolutely marvelous. And the relationships! None of the men who love this woman touched on the divine essence that she's been carrying around: they want her to be the way they dream of her, and it kills her." (Joan Dupont, IHT)



An East German Cabinet Quits Scandal Over Pay Is Latest Setback for Kohl

By Stephen Kinzer

New York Times Service

BERLIN — In the latest of a series of political scandals that have shaken Germany since the country was reunified in 1990, the government of the eastern state of Saxony-Anhalt resigned Sunday after the premier and three of his ministers were accused of corruption.

The premier, Werner Munch, and the three ministers were recently revealed to have been receiving considerably higher compensation than they had publicly acknowledged.

Through a series of additional payments supposedly to be used for expenses and compensation for lost income in their native West Germany, the four have reportedly received a total of about \$600,000 in undisclosed income in the last two years.

In a last-ditch effort to prevent the extra payments from being made public, Mr. Munch said last month that he and his ministers could not make public documents detailing their compensation because the documents were protected by privacy laws.

A legislator, Jürgen Angelbeck, asserted that the four had "disgraced the entire state government."

Mr. Munch and two of the three ministers who were implicated with him are members of Chancellor Helmut Kohl's Christian Democratic Union.

The collapse of the Saxony-Anhalt government marked the second political setback for Mr. Kohl in two weeks. Last week, his candidate for Germany's presidency, Steffen Heitmann, withdrew from the race after it became clear that he had little chance of winning.

The opposition Social Democrats called for new elections in Saxony-Anhalt, but it was not clear if the Christian Democrats, whose coalition still holds a majority in the state legislature, would accede to their demand.

In a statement announcing his resignation and that of his cabinet, Mr. Munch insisted that neither he nor the other implicated ministers had done anything wrong.

Nonetheless, the public discussion has become so poisoned that the facts are no longer being taken into consideration. "Mr. Munch's resignation is the result of my desire to explain only by my desire to spare my family, the state and the ruling parties from further harm."

According to a report to be published in Monday's edition of Der Spiegel, the newsmagazine, Mr. Munch's secret financial arrangements made him the highest-paid public official in East Germany.

The report quoted Mr. Munch as defending his private use of expense money by saying that "in the eyes of the law, it makes no difference if a lawmaker uses it to buy specialized books or a diamond ring for his wife."

The fact that all four accused politicians are "importers" from West Germany seemed certain to increase the skepticism that many East Germans harbor toward some of their Western cousins. All four came to Saxony-Anhalt after being unable to rise in politics in their home states.

Mr. Munch had failed in his 1990 campaign to win the Christian Democratic leadership in his native Lower Saxony. Interior Minister Harunur Rashid had failed three times to win election as mayor of Hamburg. Economy Minister Horst Rehberger lost his post as economy minister in Saarland after a brief term, and Minister of Social Affairs Werner Schreiber lost his campaign for a seat in the federal parliament in 1990.

The Vatican Stays Silent On the Vote In Rome

Compiled by Our Staff From Dispatches

ROME — The Vatican has refused to endorse either candidate for mayor of Rome, the Italian press on Sunday quoted religious sources as saying.

The contenders for the Dec. 5 vote are Gianfranco Fini, the candidate of the neofascist Italian Social Movement, and Francesco Rutelli, the Green candidate. Mr. Rutelli is backed by the Democratic Party of the Left, the Greens, the radicals and some Christian Democrats.

Mr. Rutelli won 40 percent of the vote in the first round of the election on Nov. 21, 4 percent more than Mr. Fini but not enough to secure a runoff.

Opinion polls on Sunday showed Mr. Rutelli drawing more support than Mr. Fini.

Both the far left and the far right made strong gains as voters deserted the Christian Democrats and Socialists, weakened by continuing corruption scandals.

The Christian Democrats, who have governed Italy since World War II ended, failed to get enough votes for any candidate to run in the second round.

A poll for the Roman Catholic magazine Famiglia Cristiana, carried by the Italian press on Sunday, predicted that Mr. Rutelli would receive 60 percent of the vote to Mr. Fini's 40 percent.

But a second poll indicated that the race, which has set off an emotional debate about Italy's Fascist past, could be much closer. A survey of Rome voters for the newspaper Il Giornale gave Mr. Rutelli 52.4 percent to Mr. Fini's 47.6 percent.

The paper noted that since the poll had a margin of error of four percentage points, the candidates were running virtually neck and neck.

In the first round, Mr. Fini won 35 percent, compared with 39 percent for Mr. Rutelli.

The campaign reached a fever pitch last week when the press baron Silvio Berlusconi, who also owns the AC Milan soccer team, said he preferred Mr. Fini over Mr. Rutelli. (A.P.P. Reuters)

BRIDGE

By Alan Truscott

ALMOST 60 years ago, a brilliant group of players became the first life masters based on their playing performances. They were: David Burnstone (later Bruce); Oswald Jacoby; Howard Schenken; Waldemar von Zedwitz; F. Hal Sims; B. Ray Becker; Theodore Lightner; Richard Frey; Michael Gottlieb; and Sam Fry Jr.

One of the last links to this cluster of stars was severed this month when Mabel Frey, Richard's widow, died in her sleep at the age of 88. On the diagrammed deal, played almost three years ago, she held the South cards. After her partner opened one heart, she charged ahead with Blackwood.

The final contract of seven hearts would have been a lay-down, but East saved in seven spades. This action would be less tempting today, for since the beginning of

this year the laws of social bridge conform to duplicate and nonvulnerable penalties for defeats of four tricks or more are heavier.

Rather than accept a nonvulnerable penalty, South took a shot at seven no-trump, which had a chance of being a lay-down. As it turned out, it was worse than a finesse, but not as much worse as might appear. South had to play West to have the queen and ten of clubs, normally a 24 percent chance. But since East had shown length in diamonds, by doubling that suit at the six-level, and length in spades, by bidding them at the seven-level, the chance that West held the missing club honors was greatly increased.

It was fortunate for the declarer that the club nine appeared in the dummy. She won the opening diamond lead and led the club jack. This was covered by the queen and

king, and she later finessed the nine to make the grand slam.

North (D): A 8, 10 8 7 5, 7 2, A K 9 4. West: J 8 2, Q 2, 10 8 5, 4 10 8 7 5. East: Q 10 7 4 3, 9 8 6 3, 9 2. South: K 5, K J 9 6 4 3, A K 4, J 6. North and South were vulnerable. The bidding: North 1C, South 1NT, West 1C, East 2NT, South 3NT, West 4C, East 4C, South 5NT, West 5NT, East 5NT, South 6C, West 6C, East 6C, South 6NT, West 6NT, East 6NT, South 6NT, West 6NT, East 6NT.

West led the diamond eight.

INTERNATIONAL RECRUITMENT. You will find below a listing of job positions published last Thursday in the International Herald Tribune under the International Recruitment Heading. Table with columns: POSITION/LOCATION, COMPANY. Includes: REPORTERS/Tokyo, Hong Kong & New Zealand; ASSISTANT/New York; EXECUTIVE CHEF/Moscow; COMMODITIES TRADER/Europe.

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Manuela Escobar, right, daughter of Mr. Escobar, being escorted through the Medellín, Colombia, airport by government agents. She was en route to Bogotá to take a flight to Germany.

Bogotá Denies Deal With Escobar

BOGOTÁ — The Colombian government denied Sunday that it was negotiating a surrender deal with the fugitive drug trafficker Pablo Escobar and said that his family had traveled to Germany on their own account to escape threats at home.

IRA: British Government Fends Off Bitter Attacks Over Secret Contacts

Continued from Page 1
prime minister and involved senior civil servants. As recently as 10 days ago, with rumors of secret meetings flying around Belfast, Dublin and London, Mr. Major tried to scotch them. He told Parliament that face-to-face talks with

Confident Haiti Officers Consolidating Their Rule

By Douglas Farah
Washington Post Service
PORT-AU-PRINCE — Military leaders, confident that the United States and the United Nations have no way left to force the return of the exiled president, the Reverend Jean-Bertrand Aristide, are establishing a political network to consolidate their power for years to come, according to diplomats and sources close to the Haitian military.

A UN-mandated oil embargo — imposed six weeks ago to force the Haitian military to allow Father Aristide's return — has been choking the nation's economic life without hindering the military, and American and United Nations officials are pondering new approaches to the crisis.

But officials in Port-au-Prince and in Washington admit that they are caught between two unpalatable choices: continuing the embargo on the Caribbean nation of 6.3 million people, or lifting the sanctions, giving the 7,300-member army a clear victory.

cause there is no public transportation, so they lose their jobs, is that humane or fair?"
In July, the army commander, Lieutenant General Raoul Cédras, and Father Aristide signed the Governors Island Accord, which called for the military to step aside to allow the president to return Oct. 30 and ended a previously UN-mandated oil embargo. When it became clear the military would not honor the agreement, oil sanctions were reimposed.

Two weeks ago, army leaders forced Texaco, Shell and Esso to slide victory in December 1990, is Haiti's first democratically elected president. He was overthrown by the military Sept. 30, 1991.

Sources close to the military say the army never intended to honor the accord. Rather, military leaders bought themselves four months to stockpile large amounts of fuel, to organize resupply lines of contraband fuel from the neighboring Dominican Republic and to arm and form their political groups.

Based in Washington, the institute is an environmental research group financed by private donors and the United Nations.

distribute the gasoline those companies stored in the country, estimated to be a seven-week supply.

According to peasant leaders, religious workers and relief experts in the countryside, the military has shifted its emphasis from repressing any pro-Aristide activity to actively seeking to establish its own political presence across the country.

"The army has always exercised control here," said one political analyst. "What they are doing is forcing people to buy into the system through its civilian organizations, giving them a stake in the army system by controlling fuel, food and transportation. That means that if the government changes, control in the countryside does not. It is a lesson learned from the Duvalier regimes."

AMERICAN TOPICS

For Seas, Oil Spills Aren't Worst Threat

The crucial role of the ocean in human survival is in peril from overfishing, coastal development and land-based pollution, Worldwatch Institute says.

"The catastrophic spills of oil tankers, the fouling of beaches and the killing of whales," it says, "are not the largest problems."

Based in Washington, the institute is an environmental research group financed by private donors and the United Nations.

catch rose from less than 5 million tons in 1900 to 80 million tons today.

Population is growing faster on coasts than inland. Of the world's 10 largest cities, only Mexico City is not on or near a coast.

The columnist Murray Kempton, in a stab at defining what is unforgettable about Frank Sinatra's style, writes of "the long lingerings that could take a word like wish and sustain it through unending wistfulness of the heart."

Short Takes

The "virtual office," with employees working at home or in hotels and connecting by computer with headquarters, holds no charms for Christine A. Sullivan, a New York Times reader. In a letter, she contends that doing away with the workplace will make "unenthusiastic, disgruntled and depressed employees. This sort of attitude will not be cost-effective." Indeed, "companies that accept or promote the idea may find themselves out of business before long."

HOMELANDS: Bophuthatswana Digs In Its Heels BOSNIA: A Last-Gasp Plan

Continued from Page 1
white separatists and Chief Mangosuthu Buthe, leader of the non-independent Zulu homeland.

On the map, Bophuthatswana resembles amorphous blobs swimming in the land mass of South Africa. On the ground, it is an expanse of red dirt and shrubs, scattered with villages much like the destitute black settlements elsewhere in rural South Africa.

In the last two years, Mmbatho has been enlarged by an ornate neomodern parliament building, a mirrored Art Deco conference center that serves mainly as a gathering place for government officials, and a \$20 million state-of-the-art recording studio that international recording stars have shunned.

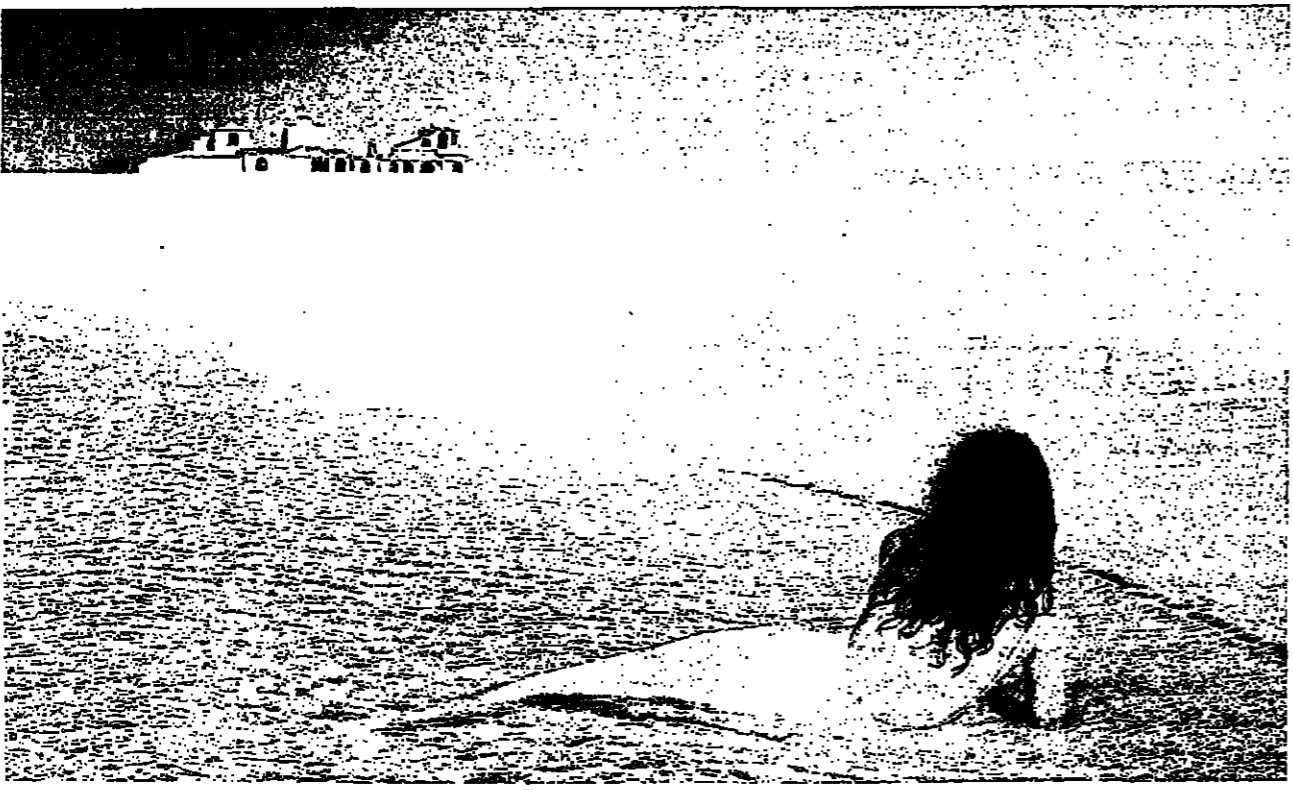
Mr. Mangosutho and his supporters fiercely deny that their state is merely a figment of apartheid. They say that their people, who have lived in the area for centuries and are as entitled to self-determination as the Palestinians, the Eritreans, or the Armenians, although the grassroots passion that drives those peoples is nowhere evident in Bophuthatswana.

Thanks to a classroom peace secured by Mr. Mangosutho's sometimes ruthless policemen, high schools graduate 70 percent of their students, more than double the rate for blacks in South Africa.

As a resumption of shelling killed five more people in Sarajevo, Mr. Izetbegovic insisted that the West should tighten sanctions against Serbia unless their allies in Bosnia surrender enough territory.

Mr. Karadzic, whose forces occupy about 70 percent of Bosnia, said that the Serbs must be allowed to hold on to their conquests and that sanctions would have to be lifted before any territorial concessions were made.

He also predicted that the Serbs would be the scapegoat, saying it was clear that "the Serb position after the meeting will be worse than it is now because it is obvious that Serbs will be accused again by those who have the least right to do so."



Be sure to stay warm this winter.
Over the years, the Canary Islands' climate of "eternal spring" has excited the desert island fantasies of many visitors. Columbus included • He wintered quite happily on Gran Canaria contemplating the New World • An altogether briefer voyage of discovery away to the west lies Tenerife • Another short hop to the east and you'll land on Fuerteventura • More easterly and yet more unusual is the island of Lanzarote • And as the islands get smaller, their appeal and diversity show no signs of diminishing. There's La Palma, the green island. The almost circular Gomera. And Hierro, island of ash cones • Each one offering a warm welcome to all life's explorers. From January to December.

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Herald INTERNATIONAL Tribune

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99.923% share of the Republic of Turkey Prime Ministry Public Participation Administration (PPA) in PETLAS Inc. Co. has been announced to be put into block sale as per the privatisation programme. Referring to Article 8 of the block sale announcement published in International Herald Tribune dated Oct. 29, 1993, the deadline for the bidding has been extended from Nov. 29, 1993 to Dec. 14, 1993. Detailed information and the document related to the tender can be obtained from the address of the PPA stated here-under.
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هكذا من الأصل

2 Catholic Bishops Released by Beijing

By Patrick E. Tyler
New York Times Service

BEIJING — As President Jiang Zemin traveled to Seattle this month to meet with President Bill Clinton for a tough discussion on human rights, the conventional wisdom was that China would not release any political prisoners as a concessionary move.

But now, Western officials and human rights activists say they have confirmed that two elderly Roman Catholic bishops, one of them paralyzed and severely ailing,

were released Nov. 19 after three years in prison-like conditions.

They have returned to their homes in Hebei Province, church officials in Hong Kong said.

Both men were on the list of 300 political or religious detainees presented to the Chinese authorities in October by the State Department's senior human rights official, John Shattuck.

Their case also was raised during last week's visit to Beijing by Chancellor Helmut Kohl of Germany. Bishop Peter Chen Jianzhang,

73, and Bishop Cosmas Shi Enxiang, 71, had been held in labor camps and what Chinese officials called a home for the elderly where the bishops were not allowed to leave and family members were not allowed to visit them.

"The Chinese have acknowledged by sending these elderly bishops home that they were in detention," said John T. Kamm, a rights advocate in Hong Kong.

He has sought to draw attention to the Chinese use of "old people's homes," mental institutions and la-

bor camps as alternate forms of detention even as China has said its population of political prisoners is declining.

In China's first decade of communism, when religious persecution was greatest and ties to the Vatican outlawed, Bishop Chen was sentenced to life in prison in 1954. He was paroled in 1980. He has diabetes, and is said to be completely paralyzed on his right side as a result of a cerebral hemorrhage and unable to care for himself, State Department reports say.

He disappeared from his home on Nov. 17, 1990, and had not been heard from since.

Bishop Shi also was detained in 1990 and has been held in an "old people's home," State Department reports say.

Their release may also have been prompted by China's desire to improve its relations with the Vatican, which still recognizes the Nationalist government on Taiwan as the legitimate representative of the Chinese people.

Pope John Paul II is believed to be interested in making a visit to China in the future, which would be a milestone event after a long and bitter estrangement between the church and the world's most populous country, where there are an estimated 75 million Christians.

COLONY: Losing Patience

Continued from Page 1

side should bear the responsibility" for the failure of the talks.

The news agency also published excerpts from a meeting between Lu Ping, director of Hong Kong and Macao Affairs for the State Council, and a Hong Kong woman's delegation during which he said the Chinese side hoped the talks would continue.

"As long as the talks proceed in the interests of the 6 million Hong Kong residents and to maintain Hong Kong's long-term interests, it will not be difficult to solve problems that crop up," he said.

"No matter how many rounds of the talks take place, the Chinese side will see them through to the end," he added.

Beijing-controlled newspapers here asserted Sunday that Britain had deliberately scuttled the negotiations.

"People can clearly see that yesterday's result was a premeditated

act," the paper Ta King Pao said in an editorial. It asserted that Britain had made it clear that its strategy was to move ahead on its own and to bring the reform measures before the legislature in December if the talks broke down.

"When the British finally break off all talks, there is a simple way to take care of that," the paper said. It suggested doing away with Mr. Patten's proposals and letting China decide the issues by itself.

The talks center on Mr. Patten's proposals to widen voter participation in district board polls and the more important 1995 legislative elections. Hong Kong reverts to Chinese rule in 1997.

China has denounced the proposals as a breach of the Basic Law, the constitution under which Beijing will govern Hong Kong after the Chinese takeover. It claims that Britain is trying to extend its influence in Hong Kong to beyond the Chinese takeover.

Mr. Patten said the government was not walking away from the negotiating table, but he reiterated that with the 1994 elections approaching time was running out for action on his proposals.

China has threatened to remove elected officials when it regains sovereignty if Mr. Patten goes ahead with his election reforms without Beijing's approval.

Opposition Leader Resigns in Taiwan

Compiled by Our Staff From Dispatches

TAIPEI — The leader of Taiwan's largest opposition party resigned Sunday to take responsibility for the party's disappointing performance in local elections.

"I promised before the election that I would resign if my party did not take at least 11 seats in this election," said Hsu Hsin-liang, 52, chairman of the Democratic Progressive Party.

"I have to make good my promise to party members and voters," he added.

Shih Ming-teh, 52, a central standing committee member and a lawmaker, will take over Mr. Hsu's post until the party elects a new leader next year.

The governing Nationalist Party, or Kuomintang, took 15 of 23 mayoral and magistrate posts at stake in the elections on Saturday.

The Democratic Progressive Party, which was formed seven years ago and advocates independence from China, won six seats, and independents won two.

In local elections in 1989, the Nationalist took 14 seats and the Democratic Progressive Party six. One seat went to an independent candidate.

But the opposition party's share of the popular vote rose to 41 percent on Saturday from 38 percent four years ago, while the Nationalists' share fell to 47 percent from 53 percent.

It was the first time ever that the governing party had fallen below 50 percent of the popular vote.

Some political analysts speculated before the vote that a strong showing by the Nationalists might prompt President Lee Teng-hui to advance the date of Taiwan's first presidential election by popular vote, now scheduled for 1996.

The presidential election is the last major step in Taiwan's adoption of a democratic system that began with the lifting of martial law in 1987.

Mr. Hsu said that he had not resigned because his party failed in the elections but because of the political promise he made.

"I am not losing any faith in Taiwan's opposition movement, and receiving 41 percent of the vote is quite impressive and encouraging," he added.

Mr. Hsu, who has expressed interest in running for president in 1996, did not disclose his future plans.

JAPANESE: A Leap Into China

Continued from Page 1

trade with China, has small stakes in 30 projects in the country. But the company says it expects to have investments in 100 projects in three to four years.

Another major trading company, Mitsui & Co., plans to increase its investments in China from 44 to 100 over the next three years.

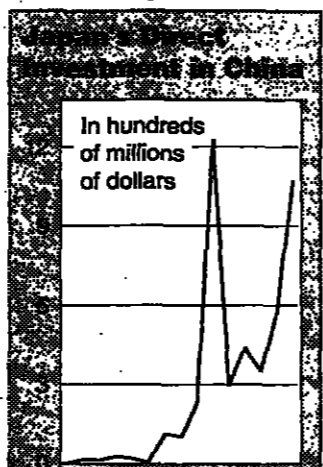
"When you look ahead to the year 2000 or 2010, China will be three or four times bigger," said C. H. Kwan, senior economist and head of Asian research at Nomura Research Institute in Tokyo. "Then China may emerge as Japan's largest market and investment destination."

shortage of raw materials and foreign exchange.

But now, battered by the high yen and dazzled by Chinese growth, Japanese companies are re-evaluating their Asian strategies. At the same time, concerns about political stability are waning as Beijing's market-oriented reforms appear increasingly irreversible.

"The Chinese economy has a kind of immunity from political difficulties," said the Japanese ambassador to Beijing, Michihiko Kumihira. "Even if Deng Xiaoping dies, the machine will continue to work."

As China's economy becomes a safer bet, Japanese executives say their advances relative to overseas Chinese, American and European investors will become clear. These include Tokyo's status as China's biggest source of development aid and private lending. Geographic and cultural closeness also make it easier for Japanese companies to invest in China than Western rivals.



Perhaps the most pioneering Japanese company in China has been Yaohan, a retailing and manufacturing conglomerate. The company, which moved its headquarters to Hong Kong in 1990 to be closer to China, plans to open 3,000 fast-food outlets and 1,000 supermarkets by 2010. It also is building a distribution center in Beijing and a department store in Shanghai that will be China's largest.

Narubeni is more representative. It has stakes in 30 projects in China, mostly in textiles, energy distribution, housing and pharmaceuticals. Its latest venture is a door-to-door delivery service in Shanghai.

Although China's emergence as an economic giant would offer Japanese business huge opportunities

17 Malaysians Die in Crash

KUALA LUMPUR — Seventeen Malaysians on their way to watch a soccer match in the Malaysian capital were killed Sunday when their van collided with a bus from Singapore.

Japanese exporters are being pushed offshore by the strong yen, which has made manufacturing in Japan less competitive. In China, they find wages among the lowest in Asia.

In addition, a broad range of companies are being pulled by China's surging economy, which thirsts for everything from steel and cement for infrastructure development, to cosmetics and big flat-screen TVs of the sort made by Matsushita for newly affluent consumers.

"We see China as the most promising market in the world," said Akira Ito, chief representative of the Bank of Tokyo in Beijing.

Japan is not the only country expanding its investment in China. The Japanese trail the pace set by American and European rivals, all of which are far behind those made by overseas Chinese in Hong Kong, Taiwan, Singapore and Malaysia.

And although Japanese investments are numerous, most are now small in scale. Conservative Japanese executives have been reluctant to risk major sums in a country where political and legal systems are opaque.

In addition, many executives fear that Chinese economic growth has been too fast and unbalanced and could face bottlenecks due to

and help facilitate its own restructuring, there is also the fear of feeding an Asian rival. At least in terms of purchasing-power parity, China's economy, which grew at a 13.3 percent pace in the first nine months of this year, could be less than a decade away from rivaling Japan's in size.

In the long term, Japanese executives and officials are wary of developing too exclusive an alliance. They want to integrate Chinese operations with those in Southeast Asia, where Japanese interests dominate, so that Beijing's influence will not be overwhelming.

"It's clear China will become an economic superpower, but nobody wants a Pax Sinotica," said Kazuo Yawata, director of the North and East Asia division at the Japanese Ministry of International Trade and Industry.

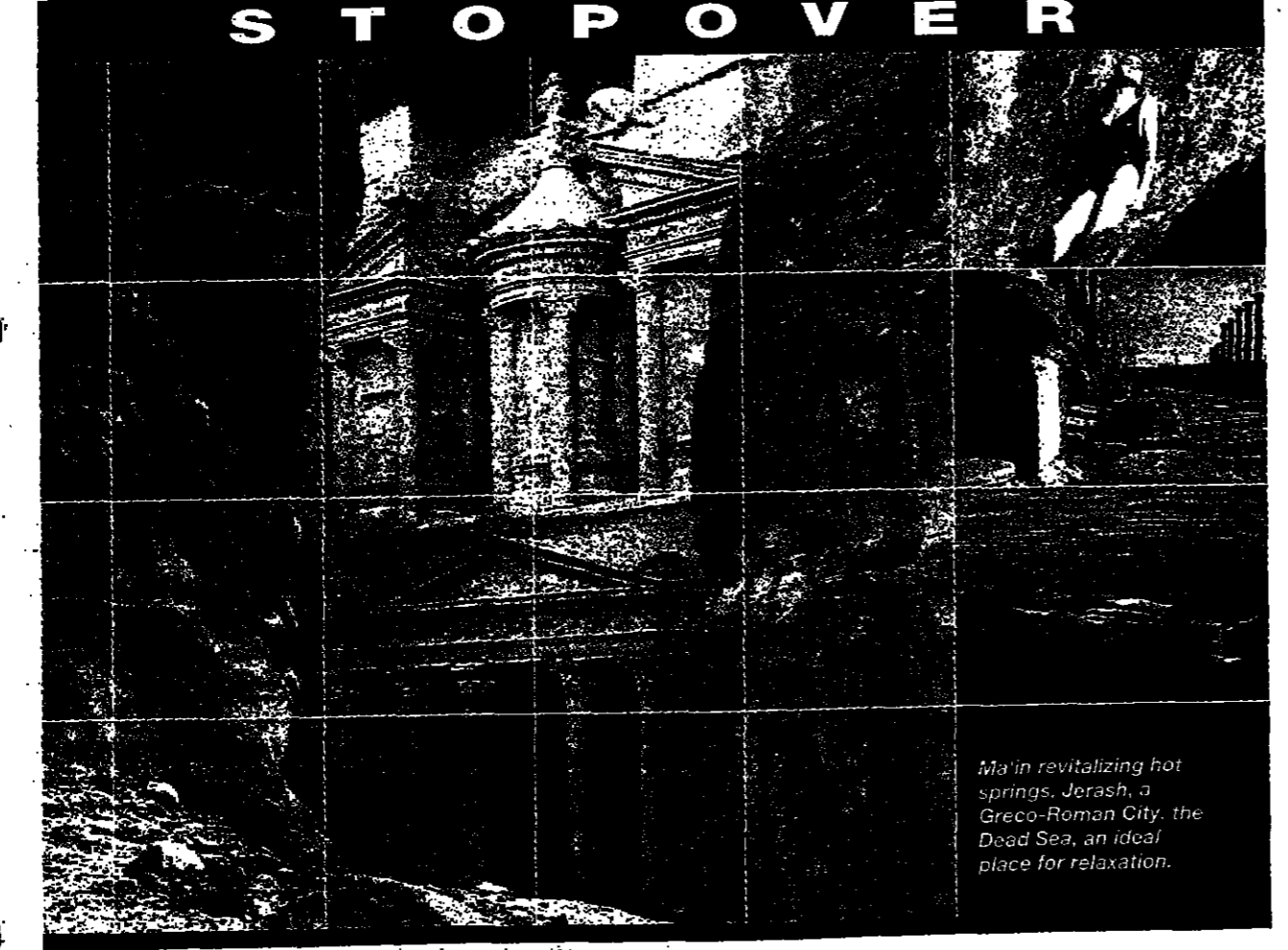
"We would prefer that China become part of the international order and play an appropriate role within it," he added, in what he called his own personal view and not necessarily that of the agency.

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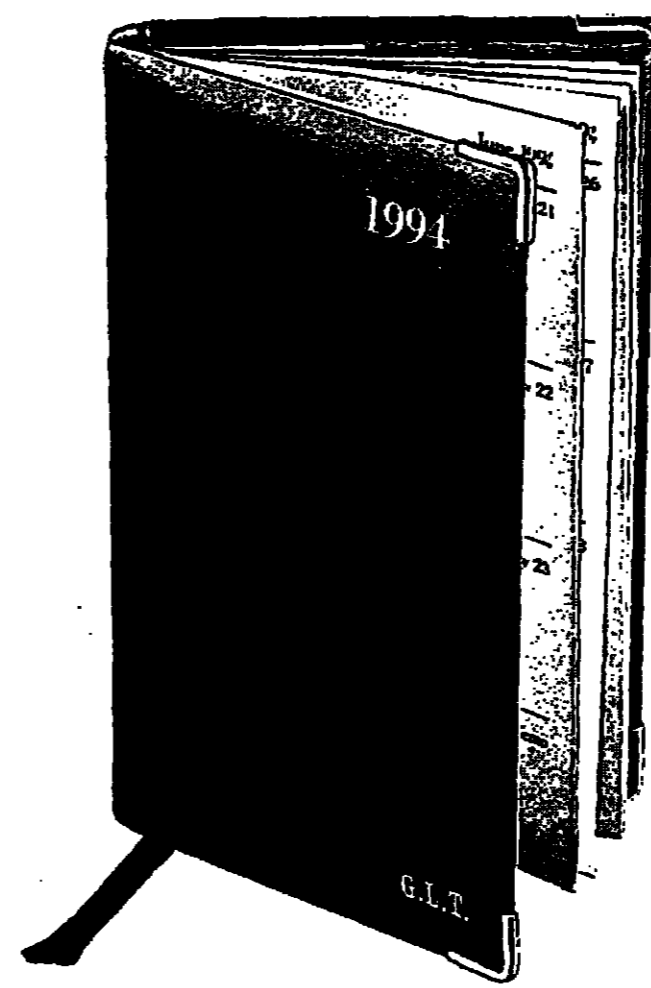
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INTERNATIONAL

International Herald Tribune, Monday, November 29, 1993

CAPITAL MARKETS

Slumping Oil Prices Fail To Spark Much Concern

By Carl Gewirtz
International Herald Tribune
PARIS — Oil appears to have lost some of its combustibility. The price fell to a five-year low last week without setting off much excitement in financial markets, in part because it is unclear if it can be sustained and, even if it is, what impact it will have.

The oil producers are hoping that winter weather, coupled with quickening economic growth in the United States and Britain and continued expansion in Asia and Latin America, will lift demand and prices. Traders appear to concur with this view, since the price in the futures market in 12 months is \$18, compared with the current spot price of just over \$14.

Analysts are divided about who benefits and who loses.

Avinash Persaud, a London-based analyst for J.P. Morgan & Co., said the oil price decline was "not especially supportive of the U.S. dollar." But Jonathan Wilmot at CS First Boston in London contended the news is negative for the Deutsche mark and the yen.

Traders in the foreign exchange market were unwilling to take a view. The dollar ended the week at 1.7138 Deutsche marks, virtually unchanged from 1.7143 DM a week earlier. It was the same story for the yen, with the dollar finishing at 108.85, compared with 108.49.

Optimists say the dollar's ability to remain stable at a time when European central banks were selling the currency to rebuild reserves of marks was a good sign; pessimists on the dollar's outlook focused on its inability to pierce 1.7200 DM despite the oil-price drop as evidence the U.S. unit was top-heavy.

The only currency moves of note last week was the French franc's recovery to 3.4547 per mark, its best level since the August crisis, when the permitted trading bands of the European monetary system were widened, and the renewed weakness of the lira.

The franc's advance began in Asia, prompting traders to speculate that Taiwan's payment for the purchase of French-made Mirage jets was the driving force. The Bank of France also announced it had repaid 80 percent of the debt it incurred during the August monetary crisis.

The lira's weakness, to a low of 1,005 per mark before closing at 989, followed the results of local elections showing that the Christian Democrats and Socialists had lost voter support.

The clearest beneficiary from the oil news was the U.S. bond market. Prices rallied and yields declined on expectations that inflation would be contained during the economic recovery, enabling interest rates to remain low.

But for Mr. Persaud, the prospect of restrained inflation would

See DOLLAR, Page 11

Japanese Switch Jobs to Save Them

By Andrew Pollack
New York Times Service

HIROSHIMA, Japan — With a degree from prestige-laden Keio University, Hiroshi Matsuo was working his way up Mazda Motor Corp.'s personnel department when he got a new assignment.

After three days of training, he donned an apron and oil-stained work gloves and began unloading auto parts and delivering them to the assembly line in Hiroshima.

Going from personnel to production might seem like a demotion, but Mr. Matsuo said he considered himself lucky. His transfer reflects the extraordinary lengths to which Japan's blue-chip companies will go in the

depths of a recession to preserve their tradition of lifetime employment.

Faced with a loss this year of up to \$300 million — and unwilling to dismiss white-collar workers — Mazda is shifting 500 of them to the assembly line for three-month stints to take over jobs that had been performed by contract workers, who had since been let go.

But with Japan's lengthening slump, doubts are rising about whether some of the country's biggest companies will be able to preserve such paternalistic practices.

"Most manufacturers are desperately trying to keep that pattern but some might not be able to follow through," said Minoru Ma-

hira, president of Mitsubishi Corp., the huge conglomerate.

Analysis says the inability or unwillingness of companies to drastically cut their work forces impedes their efforts to restructure and improve profits. That could prolong the recession.

U.S. companies, including the Big Three automakers, are gaining on their Japanese competitors in part because they have become more efficient manufacturers with smaller work forces.

Peter Morgan, an economist at Merrill Lynch Japan, estimated Japanese companies have 2 million more workers than they

See LIFETIME, Page 11

Tokyo Vows Not to Let Rice 'Ruin' GATT

Compiled by Our Staff From Dispatches

TOKYO — The chief cabinet secretary, Masayoshi Takemura, said Tokyo would not break up the Uruguay Round of world trade talks to end Dec. 15, indicating Japan had no choice but to allow foreign rice growers some access to its market.

On Saturday, a leader of the Clean Government Party in the governing coalition announced his

support for a partial opening of Japan's rice market, drawing immediate condemnation from its senior partners, the Socialists.

Mr. Takemura said in a televised interview that he was against rice imports but that Japan could not let the issue bring down the Uruguay Round of talks being held under the auspices of the General Agreement and Tariffs and Trade.

"Japan depends on free trade and should not be responsible for ruining GATT," he said. "It would not be right if, after all sorts of difficult world problems had been solved, it was only Japan's rice problem that remained and only Japan that had refused to give way."

Yuichi Ichikawa, secretary-general of the Clean Government Party, said that liberalizing the rice market "deserves study."

NHK television reported that

the Socialists, the largest member of the coalition, assailed Mr. Ichikawa's statement and threatened to bring down the coalition if the rice market were opened.

When the coalition government was formed in August, the seven parties agreed to keep the rice ban. Under a deal with the United States that has been officially leaked to the media, Japan will agree to import a "minimum access" amount of rice starting in 1995.

It would import 4 percent of its national production of 10 million metric tons that year. This would rise to 8 percent six years later, after which new negotiations would start.

This process would postpone until the end of the decade moves toward tariffication — or the conversion of farm trade barriers to tariffs — being called for by GATT.

National media have said that Prime Minister Morihiro Hosokawa will announce the deal around Dec. 10.

A record low harvest resulting from an unusually wet and cool summer prompted Japan to lift the ban on an emergency basis and import 200,000 tons of rice this year. (Reuters, UPI)

Chengdu Notebook

The Surf's Up for Hang Ten

In the dusty capital city of China's most populous province, hundreds of kilometers from the nearest waves, surf's up for clothing company Hang Ten. Since their opening two months ago, a tide of Chengdu would-be beach boys and girls of all ages has swamped several outlets selling the Californian fashion line famous for its two-upturned bare feet insignia.

More stores are under construction here and elsewhere in a country where new wealth is now flaunted by purchases of foreign goods.

Although the Hang Ten casual wear line's U.S. heyday coincided with the real Beach Boys' greatest hits in the late 1960s and early 1970s, the San Diego-based company says the brand rolls on overseas.

Hang Ten got a recent boost in its original market from the retro fashion revival, as U.S. teenagers opted again for the surfing shorts and striped cotton weave shirts that took beach wear global.

But places like China, where the Hong Kong based distributor YGM Trading experiments with Hang Ten business suits and brogues, is where the company's fastest growth lies.

"It's going very well because of its price and image," said Michael Chan, executive director of YGM Trading, one of about 40 international Hang Ten distributors. "We've brought in a Taiwanese partner to help us cover China."

Based in Chengdu, the government-backed cable TV network now has 3 million subscribers watching a handful of channels. If Liang Chengdu, a broadcast engineer who first proposed setting up a cable network in 1984, has his way, the rest of Sichuan Province will be wired for dozens more within seven years.

Worried by increasing inroads made by foreign broadcasters, such as Rupert Murdoch's Hong Kong-based STAR TV, the Beijing authorities recently moved to restrict unauthorized viewing of such signals by clamping down on the sale of satellite dishes to individuals.

But according to Mr. Liang, China is not necessarily a closed market for foreign program providers. "We plan to exchange programming with other parts of China and want to bring in foreign programs and joint productions," said Mr. Liang, vice

president of Sichuan Radio & Television and an enthusiast eagerly anticipating the day when he can bring interactive television to the masses.

Meanwhile, he is selling advertising and using a combination of microwave transmission and terrestrial wiring to reach urban households first. Far-flung rural households will come later.

... and Push Orchard Villas

China is encouraging its vast number of workers living in subsidized state-owned apartments to buy their own homes. But Orchard Villas, a plush housing estate taking shape on the outskirts of Chengdu, may not be what Beijing's reformers had in mind.

Behind a high fence and past the clay tennis courts and a phalanx of security guards, a four-phase development is underway that could be, judging from the palm trees and Mediterranean architecture, set in Florida or the south of Spain.

Aimed at a growing community of foreign businessmen and newly rich local entrepreneurs, Orchard Villas, partly owned by the Singapore-based holding company Wearne Brothers, has encountered mixed selling conditions.

Its first sales, houses scattered around southwest China's largest private pool, went well until a Beijing inspired austerity drive dried up credit for would-be local buyers.

"Many people are looking for loans but cannot get them anymore," said Cindy Ge, a sales assistant with Chengdu Huaxin International Urban Development Co. "Phase one was totally sold out, but now we've had to delay construction of phases three and four."

Elsewhere in Chengdu, in line with a national campaign to smash one part of China's "iron rice bowl" — the series of cradle-to-grave welfare benefits once a pillar of communist society — workers are being given the chance to buy accommodations rented to them by their work units.

Many Chinese pay only nominal rent, in many cases less than \$1 a month. But given the opportunity to purchase their apartments, often on an installment basis, many workers in Chengdu have opted to become property owners.

At this point, they must sell the property back to their work units if they change their minds, so it is unlikely they will be able to trade up to Orchard Villas, where phase-one houses were going for 4,800 yuan (\$830) a square meter.

Kevin Murphy

China to Unify Currencies in Nod to GATT

Compiled by Our Staff From Dispatches

BEIJING — Stepping up its attempts to join a worldwide free-trade agreement, China will abolish its dual-currency system by next year, top finance and trade policymakers said Sunday. It also is considering moves to remove import and export quotas.

Chinese officials believe that unifying the two currencies, which will lead to an eventual floating of the yuan, and undoing years of foreign trade caps will boost chances for the country's entry into the General Agreement on Tariffs and Trade, the China Daily reported.

The official exchange rate for the yuan is about 5.8 to the U.S. dollar, but only 20 percent of hard-currency transactions are conducted at that rate. The rest occur at about 100 swap markets, where Chinese importers and exporters and joint ventures can buy and sell currency based on the market. The exchange rate there is 8.7 to the dollar.

Some foreign investors are hurt by the two-tiered system because they are required to convert their share of capital at the lower, official rate.

Tao Liming, deputy director of the Bank of China's International Finance Institute, said the central bank would "definitely" unify the two currencies by next year with a view to a complete floating of the yuan within five years.

"The country will set up a single manageable floating exchange-rate system based on the market by next year," the official China Daily quoted him as saying.

He also said that beginning next year, China would phase out the use of foreign-exchange certificates. Under the current system, tourists and other foreigners are supposed to cash in their money for

the foreign-exchange certificates at the official rate, which is much lower than rates at the swap centers and on the black market.

Mr. Tao said the government would use tax, credit and trade policy to keep the yuan from plunging on the swap markets during the reform process. The central bank has been intervening heavily in the markets to stabilize the yuan.

Meanwhile, a senior foreign trade ministry official predicted that state-imposed controls on imports and exports would end by next year in a "major policy change" designed to win over GATT officials when they meet to discuss China's application early next year.

"Lifting mandatory orders on imports will dispel fears on the part of foreign traders about China's possible use of mandatory plans to impose import restrictions," said Li Zhongzhou, deputy director of the Ministry of Foreign Trade and Economic Cooperation's international affairs division.

The moves come just two weeks after the Communist Party Central Committee approved a blueprint for transition to a market economy.

Western diplomats say significant technical obstacles to remain: first, how to abolish the official rate, and then how to ensure that the nation's currency markets set a rational rate over the long-term.

Meanwhile, economists at the State Statistics Bureau said that output in the state sector this year has failed to keep pace with private enterprises.

A China Daily report said the debt-ridden state sector accounted for 53.2 percent of total national output in the first 10 months of 1993. (UPI, AP, Bloomberg, AFP)

THE TRIB INDEX

International Herald Tribune
World Stock Index, composed of 2300 Internationally Investable stocks from 20 countries, compiled by Bloomberg Business News.
Week ending November 26, daily closings.
Jan. 1992 = 100.

117	116
115	114
113	112
111	110
109	108
107	106
105	104
103	102
101	100
99	98
97	96
95	94

World Index

117	116
115	114
113	112
111	110
109	108
107	106
105	104
103	102
101	100
99	98
97	96
95	94

Asia/Pacific

117	116
115	114
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111	110
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107	106
105	104
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Europe

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North America

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115	114
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103	102
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97	96
95	94

Latin America

117	116
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113	112
111	110
109	108
107	106
105	104
103	102
101	100
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97	96
95	94

Industrial Sectors/Weekend close

11/26/93	11/23/93	% change	11/26/93	11/23/93	% change		
Energy	105.70	108.50	-2.58	Capital Goods	103.90	104.70	-0.88
Utilities	112.75	115.78	-2.62	Raw Materials	105.41	105.76	-0.33
Finance	111.17	118.05	-5.83	Consumer Goods	98.85	94.14	-0.84
Services	118.00	117.91	-1.06	Miscellaneous	120.94	121.29	-0.29

The Index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the Index is composed of the 50 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

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CURRENCY RATES

Nov. 28

Currency	Per \$	Per 100	Per 1000	Per 10000	Per 100000
Australian	1.32	132.00	13200.00	132000.00	1320000.00
British	1.50	150.00	15000.00	150000.00	1500000.00
Canadian	1.25	125.00	12500.00	125000.00	1250000.00
Deutsche	1.60	160.00	16000.00	160000.00	1600000.00
French	1.60	160.00	16000.00	160000.00	1600000.00
Japanese	100.00	10000.00	100000.00	1000000.00	10000000.00
Swiss	1.50	150.00	15000.00	150000.00	1500000.00
U.S.	1.00	100.00	1000.00	10000.00	100000.00

Other Dollar Values

Currency	Per \$	Per 100	Per 1000	Per 10000	Per 100000
Argentine	1.00	100.00	1000.00	10000.00	100000.00
Australian	1.32	132.00	13200.00	132000.00	1320000.00
British	1.50	150.00	15000.00	150000.00	1500000.00
Canadian	1.25	125.00	12500.00	125000.00	1250000.00
Deutsche	1.60	160.00	16000.00	160000.00	1600000.00
French	1.60	160.00	16000.00	160000.00	1600000.00
Japanese	100.00	10000.00	100000.00	1000000.00	10000000.00
Swiss	1.50	150.00	15000.00	150000.00	1500000.00
U.S.	1.00	100.00	1000.00	10000.00	100000.00

Forward Rates

Currency	30-day	60-day	90-day	180-day	360-day
Australian	1.32	132.00	13200.00	132000.00	1320000.00
British	1.50	150.00	15000.00	150000.00	1500000.00
Canadian	1.25	125.00	12500.00	125000.00	1250000.00
Deutsche	1.60	160.00	16000.00	160000.00	1600000.00
French	1.60	160.00	16000.00	160000.00	1600000.00
Japanese	100.00	10000.00	100000.00	1000000.00	10000000.00
Swiss	1.50	150.00	15000.00	150000.00	1500000.00
U.S.	1.00	100.00	1000.00	10000.00	100000.00

Sources: ING Bank (London); Indosuez Bank (Brussels); Banco Commerciale Italiano (Milan); American Express (Paris); Citicorp (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

Banks Set To Rescue Ferruzzi

Rome — Foreign creditors of Ferruzzi Finanziaria SPA are set to back a 25 trillion lire (\$1.7 billion) rescue plan, paving the way for saving Italy's second-largest private company.

The ANSA press agency said Saturday that a majority of the banks, which have so far opposed the plan on the grounds that it does not give them fair treatment, were "inclined" to approve it.

Ferruzzi, whose financial crisis is linked to Italy's graft scandal, was placed under the control of creditors last summer when it failed to make payments on its 31 trillion lire debt.

Former executives of the company say Ferruzzi paid bribes worth tens of millions of dollars to politicians over the years.

Earlier this month, Ferruzzi said that the asset of at least some foreign banks was essential to getting the rescue plan approved and preventing further financial damage to the group. French, Swiss, British and American banks are among its 100 creditors.

Ferruzzi has said that such approval needed to come before a key shareholders' meeting set for this week at which the first part of the rescue plan will be voted on. That operation is designed to raise about 2.5 trillion lire.

Last week, sources at the foreign banks said some concessions had been won that would make the plan more acceptable to creditors.

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Putting a Human Face on Lufthansa

By Ferdinand Protzman
New York Times Service

FRANKFURT — Theo Waigel, Germany's finance minister, was flying home in July after a tour of the Baltic Sea coast. But his military flight was delayed several hours on a stopover at Berlin's Tegel Airport because of engine trouble.

The group headed to Lufthansa's Senator Lounge, open only to VIPs and first-class passengers. But Lufthansa personnel tried to bar Mr. Waigel, who oversees the German government's 51 percent stake in Deutsche Lufthansa AG, because while they recognized him, he had neither a ticket nor his access card to the lounge.

After an argument, he was admitted. Then an airline employee announced that the lounge would close as usual at 10:30 P.M., about 15 minutes before the group's expected departure. "We stay until the plane comes," Mr. Waigel snapped, according to a witness who wrote down what he said. "This will have consequences."

That episode is a stark example of the old, surly Lufthansa, an inflexible bureaucracy paying little heed to the customers. And it is the kind of thing that drives the chairman of Lufthansa, Jurgen Weber, crazy.

If the person who controls the airline is treated that way, imagine how the average traveler fares. It is the antithesis of what Mr. Weber is struggling to do: turn around the loss-ridden airline and its attitude.

It is a tall order, but Mr. Weber appears to be making headway. To cut costs at Lufthansa, he is eliminating more than 8,000 jobs, abolishing unprofitable routes and spinning off air freight, catering and some passenger services into independent subsidiaries.

He has signed an agreement with United Airlines that should increase the number of passengers, mainly on North Atlantic routes. Industry specialists said these moves were overdue, especially the cost-cutting. Controlling costs is difficult in Germany, the most expensive labor market in Europe.

None of this has met with much resistance from the unions. By contrast, when Air France recently tried to impose less stringent measures, its unions struck until the French government abandoned the plan. "In negotiations, Mr. Weber

The airline has been hurt by industry overcapacity and sharp cost increases. Fare wars have put heavy pressure on earnings. In 1992, Lufthansa had an operating loss of 1 billion Deutsche marks (\$583.6 million) on revenue of 17.2 billion Deutsche marks. Bringing the airline back to profitability falls to Mr. Weber, 52, an engineer, who became chairman in September 1991.

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. Nov. 26

Canadian Dollars

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various Canadian government and corporate bonds.

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various European government and corporate bonds.

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various Japanese government and corporate bonds.

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various Australian government and corporate bonds.

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various New Zealand government and corporate bonds.

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various Hong Kong government and corporate bonds.

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various ECU Straights bonds.

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various Yen Straights bonds.

Table with columns: Issuer, Con, Mat, Price, Yld, Bid, Ask. Lists various Pound Sterling bonds.

MUTUAL FUNDS

Figures as of close of trading Friday, Nov. 26.

Table with columns: Fund Name, Bid, Ask. Lists various mutual funds including American Funds, Fidelity, and others.

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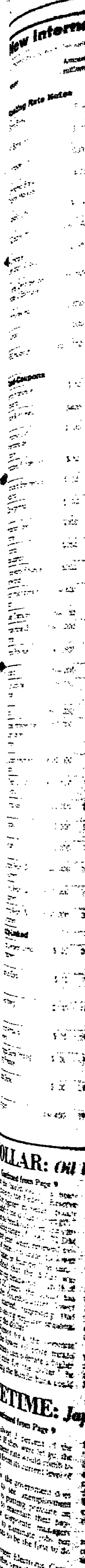
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Table with columns: Fund Name, Bid, Ask. Lists various mutual funds including American Funds, Fidelity, and others.



New International Bond Issues

Table listing various international bond issues with columns for Issuer, Amount (millions), Maturity, Coupon, Price, and Terms. Includes floating rate notes and fixed-coupons from various countries like Brazil, Mexico, and Europe.

Bond Yields Dropping With Oil Prices

NEW YORK With oil prices slumping, the outlook for inflation remains benign, giving strength to a bond market that has been waning since when price pressures might return. Last week, investors in U.S. government bonds turned bullish, and the 30-year Treasury issue's yield fell to 6.26 percent from 6.34 percent the week before.

The Week Ahead: World Economic Calendar, Nov. 29 - Dec. 5

Table detailing the world economic calendar from Nov 29 to Dec 5, listing events such as interest rate decisions, economic reports, and government actions in various countries.

Bank Scam Is Anything But Prime

WASHINGTON — The Salvation Army in Britain was hit for \$8.8 million. The tiny Pacific island of Nauru lost \$30 million. And Pat Bass, an engineer in Denver, saw \$165,000 and her business slip away. Each was stung in swindles involving financial instruments known as prime bank notes.

JOBS: Many Are Skeptical About Plans to Shorten European Workweek and Share Jobs

Continued from Page 1 new offer of services or products creates the purchasing power to acquire them — in other words, employment begets employment. Those proposing a shorter workweek "realize that people work harder in the countries with lowest employment," according to Jean-Claude Casanova, a political commentator writing in the French weekly L'Express.

MUTUAL FUNDS

Table listing mutual fund performance metrics including fund names, assets, and returns.

GERMANS: Top Aide Sees Remedies for Workplace

Continued from Page 1 number of unemployed would "rise further in coming months," perhaps to 4 million. In detailing his proposals, Mr. Rexrodt said Germany should allow less-qualified workers to be paid less, with the option of working longer hours. There was no mention of the recent accord between Volkswagen AG and its principal union to cut the workweek and lower wages.

Euromarts At a Glance

Table providing a quick overview of Euromarts, including market indices and key figures.

DOLLAR: Oil Price Decline Fails to Spark Concern

Continued from Page 9 reduce the likelihood of a near-term move by the Federal Reserve Board to tighten monetary policy and "subsidize the dollar's strength." "I see no breakout from the current trading range of 1.66-1.72 DM until next year, when renewed evidence of recession leads to lower interest rates in Europe," he said.

AIR: Lean, Not Mean Lufthansa

Continued from Page 9 — and premium-fare traffic is declining worldwide. The North Atlantic price war has pushed fares to their lowest levels in three years. To try to end those losses, Mr. Weber signed a cooperation pact with United Airlines on Oct. 4 that is scheduled to take effect on Jan. 10. Mr. Weber said Lufthansa's flights from Germany would get more passengers whose final destinations were smaller American airports served by United.

LIFETIME: Japanese Companies Strive to Switch Workers' Jobs in Order to Save Them

Continued from Page 9 "Why should I protest?" said Mr. Matsumoto, 28, who was switched from personnel to the production line at Mazda. He said his new job at first caused him numerous physical aches and pains but was free of the mental stress of office work. When he works the overnight shift every other week he also gets some extra pay.

Weekly Sales

Table showing weekly sales data for various categories, including retail and services.

Last Week's Markets

Table summarizing market performance for the previous week, including stock indices, money rates, and commodity prices.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Nov. 26.

Main table containing stock market data with columns for Symbol, Price, Change, Volume, and various market indicators. Includes sub-sections A through K.

ESCORTS & GUIDES
BELGRAVIA
ORCHIDS
LONDON ESCORT AGENCY
071 589 5237
BELLE EPOCH
THE ESCORT SERVICE
LONDON * PARIS
071 937 8052

INTERNATIONAL CLASSIFIED
(Continued From Page 4)
MISS GENEVA & PARIS
LONDON ESCORT SERVICE
LONDON
EXOTIC SERVICE
INTERNATIONAL ESCORTS

MUNICH WELCOME
ESCORT & GUIDE AGENCY
VIENNA * PARIS * ZURICH
BRAZILIAN MARRIAGE
FRANKFURT & AREA
MUNICH * ZURICH * PARIS

STAT
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Asia's Bill
Hong Kong

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Continued on Page 17

Private Banking

Luxembourg Clings to Its Special Status

By Philip Crawford

LUXEMBOURG — It has been called a "billion dollar question" by many in the private banking industry. Can European Community member Luxembourg, a premier offshore financial center, retain its tax-haven status amid the anticipated harmonization of EC financial regulations?

Most bankers and fund industry professionals in the picturesque Grand Duchy say the probability of Luxembourg losing its special status in the near future is extremely low, and they are quick to roll out persuasive arguments to defend their view. Many in competing, non-EC financial centers such as Jersey and Guernsey tend, not surprisingly, to say that Luxembourg's status appears shaky.

And while recent events such as a ruling by the European Supreme Court sanctioning the return of drug money to the wife of a reputed cocaine kingpin have refocused attention on the Grand Duchy's image and future, the facts remain: that the original 1989 EC proposal to harmonize tax laws has gone nowhere, and that present talks have languished. Any harmonization would also affect Dublin, the EC's other tax-efficient domicile.

Continued on page 15



Big Players Dominate Expanding Industry

Institutions Discover Major Profits In Serving Upper Tier of Customers

By Conrad de Aenlle

LONDON — As the world of private banking grows larger, so do the banks that succeed in the business. They used to be small — small and personal. Now the industry is becoming dominated by big banks — really big and, their managements insist, still personal.

Institutions with centuries-long reputations in commercial or investment banking are setting up or expanding their private banking operations. One reason is that the personnel and technology used for asset management and research can easily be deployed to manage the wealth of rich private clients. A second reason, perhaps more important than the first, is that private banking can be hugely profitable and eats up none of a bank's capital.

Continued on page 15

Swiss Uphold the Family (Money) Doctor

By Sarah Veal

GENEVA — "The news of that country is far from reassuring," the Geneva private banker Alexandre Lombard in his diary on April 23, 1843, "and I do not yet know what advice to give bearers of these funds."

The diligent Lombard would be pleased that the country that had him so worried — the United States of America — did turn out to be a sound long-term investment. Quite likely, his clients' descendants are still enjoying the proceeds — and still banking with Lombard's own descendants.

The long-term view is built into Swiss private banks: A third of the firms date from the 18th century and the majority of the rest were founded in the early years of the 19th. Many of them still operate from the original premises. Even more remarkably, given the nature of

family businesses, many have managed to stay in the same families six generations later.

It is somewhat eerie to enter a private bank such as Geneva's Mirabaud & Cie, founded in 1819, and be ushered into a Victorian drawing room to meet, yes, a Mr. Mirabaud. But the impression of time standing still is superficial. For if Swiss private banks have been able to prosper for some 200 years — and the Swiss National Bank estimates that Switzerland holds 30 percent to 50 percent of the global private banking market — it is because they have been constantly making changes behind the scenes.

Today, this adaptability is being tested. With global financial services undergoing rapid change and with the big financial institutions themselves in "private banking," the private banks face competition as never before. Compared with the worldwide networks and financial clout of the big banks, the traditional

assets of the small, private banks — stability, style, confidentiality, personal contact — seem almost anachronistic.

Over the years, the number of Swiss private banks has considerably shrunk: 67 firms were in business at the end of the World War II; 37 in 1972; 18, today. In some cases, firms have simply "disappeared" from the statistics because they have been bought by larger banks and are, thus, no longer private.

The distinction is essential. "Private banking" refers to asset management and can be performed within a department of a large commercial bank. The Swiss "private bank" is something else: a partnership whose partners are personally liable to the extent of their private fortunes for the bank's commitments. They consider themselves both more independent and more responsible than other bankers. "A partner in a private bank has no share-

Continued on page 15

Asia's Billionaire Colony Lures Banks

In Hong Kong, the Rich Have Gotten Much Richer

By Karen Cooper

HONG KONG — With their cache estimated at anything up to \$200 billion between them, Hong Kong's rich and not-so-famous are luring financiers to the British colony in droves. But can dozens of aspiring private and commercial banks all win enough of a pot building steadily with Asia's booming economies to justify their grand expansion plans?

"It's the only place in the global arena where anything's happening," said Martin Jose Harris, managing director of the Hong Kong office of U.S.-based banker Brown Brothers Harriman. "Hong Kong is like the U.S. was in the 1910s and 1920s, when families like the Rockefellers and the Carnegies were building their fortunes. People are no longer millionaires, they're billionaires."

Fortune magazine suggests that Hong Kong shelters about 10 billionaire families. It is this type of client list, headed by Hutchison Whampoa boss Li Ka-shing, the colony's richest individual, that dozens of banks offering private services are scrambling to secure.

However, the days of employing a representative to dispatch business back to Zurich or the United States are fast disappearing. Banks have been forced by the intensifying competition to pour millions of dollars into local infrastructure. They are hiring large teams of people and leasing acres of blue-chip office space.

British bank Coutts & Co. banker to the British royal family, is one of several firms aggressively joining the race. Its Asian clients now demand to be serviced from Hong Kong, says Switzerland's Andrew Barber, managing director for Asia.

Mr. Barber, whose firm is owned by the big British bank National Westminster, expects to expand the business, replacing fly-in bankers with a strong Hong Kong operation. He plans to hire an extra 30 employees.

"There is more action going on right now on the private banking scene here than in New York," said Ms. Ferris, of the battle for clients and the best-connected advisers.

However, bankers say, all this activity, particularly among the commercial banks, is redefining the term private banking. Far from the general perception, no longer is it the preserve of European banks offering secrecy above all else. Passive, reactive banking is out. Aggressive, performance banking is in.

At a time of low interest rates, being able to make a client's money perform is increasingly important.

"The Asian investor wants to achieve the best of both worlds," said Mr. Bar-

ber. "He wants to preserve his core capital but also generate new wealth. It's no longer good enough for banks to look after their money. You have to increase it for them."

Hong Kong is producing a hybrid style of private banking, according to Paul Simpson Giles, executive vice president of Austrian bank Creditanstalt. This falls somewhere between the Swiss "relationship" style of banking and the more aggressive U.S. way of doing business, invented, essentially, by Citibank.

"Fortune families do not want guys just selling them funds as investments," said a banker from a large U.S. bank who did not want to be named. "They have become more sophisticated and are looking for more personalized and catered services."

"A department with 10 pretty girls who bring in money market deposits is not private banking," said Sandy Eu, head of private banking at Salomon Brothers. "In Asia, there are first-generation wealth builders who study and understand risk, they're what we call contrarian players," said Mr. Eu of the new clientele. "They are looking for opportunities and we help them find them fastest. They're not after deposits alone."

At the top end, private banks ask prospective clients to bring \$5 million or more to the table. Others set a \$1 million minimum, while further down, some such as Hill Samuel will not turn their noses up at less than half that. "There are

so many banks chasing the top tier of people who want fund management," said Vivian Lee, deputy chief executive of banking services at Hill Samuel. "The top tier can dictate terms and pick and choose what they want and management fees are being squeezed."

The most desirable clients are invariably local or overseas Chinese. They are first- or second-generation entrepreneurs, usually with fortunes accumulated in electronics, textiles or property.

Bankers say "hot money" from mainland China is not an immediate target for them, as most of it goes into the share market or property. "Knowing your client" is also a problem in dealing with mainland Chinese, said Mr. Barber of Coutts & Co. "There is a need to obtain references and these don't exist in China. You just don't know how much someone has and where they got their money from. One has to be careful about the sort of money you take."

But few doubt this will change in coming years. "It's a few years away before they really become big business," said Mr. Giles.

With all these banks expanding and fiercely advertising their services, how successful are they at actually snaring the top families as clients?

"Rarely do you see them come to you for help," said Carl Chien, a director of Brown Brothers Harriman. "They are so used to people coming to them. Cold-calling in this business has a very low success rate."

"You can't just call up the top players in this town. Introduction is the key and you might not have to have several introductions before you win any business. You have to win their trust."

Bankers say they welcome the prospect of more competition, although some complain newcomers are being crowded out of a market where overheads are expensive. Indeed, some smaller banks have chosen not to enter the fray.

Louk de Wilde, managing director of the Swiss bank Compagnie de Gestion et de Banque Goset, told local newspapers recently it was becoming less economical to open an office in Hong Kong. His firm will build a presence, but through Belgian Bank, which is already operating in the colony.

"Pricing in Hong Kong is particularly cheap, I would think," said Monica Wong, head of private banking at the Hongkong Bank. "The margin is very thin on transactions, so unless you have sufficient volume, it's quite difficult for small banks to come in and make a profit."

KAREN COOPER is a financial writer based in Hong Kong.

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Choosing
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Private Banking / A Special Report

Choosing A Bespoke Tailor for Your Assets

By Martin Baker

PARIS — In the world of financial services, private banking has a mystique all of its own. It has traditionally been the proud owner of its very own set of connotations — customized Rolls Royces, Fabergé jeweled eggs, private jets. But times change, and private banking is bigger, less secretive, more competitive and more widely available an industry than ever before. Forget the customized Rolls Royce: If you can afford a mid-range BMW, you can probably afford a private banker.

Traces of the private banking mystique do remain, however. One key component of the service is discretion, with the corollary that the competition for business, though intense, is understated. This uncharacteristic reticence on the part of bankers in promoting their wares can leave the wealthy individual in the somewhat unusual position of thinking that he possibly requires a private banking service, yet not quite certain what that service is.

What follows is a basic primer in private banking, consisting of the essential questions that individuals should ask themselves, followed by some answers.

● How much money do I need to approach a private banker?

The answer is as variable as the pet definitions of private banking in today's market. Each company naturally claims to be offering the ultimate package of services. The basic rule is that you get what you can afford. "In some places, you have to put \$1 million in a non-interest-bearing current account just to get attention," said Kevin Keany, London-based director of international private banking at Guinness Mahon.

For Georges Vergnion, Geneva-based chief executive of The Chase Manhattan Private Bank in Europe, the Middle East and Africa, a million dollars is the starting point: "You must have at least that in investable assets to get a bespoke service. Of course, it varies a little. We are always looking at the potential of clients to grow wealth."

But even if you don't have a million in liquidity, it is easy enough to find a bank willing to take your money from you. Trevor Falke, marketing director of ANZ Grindlays private banking, points to the bank's three major locations in Europe, all of which have different entry points.

"While they all have a wide range of clients, you need at least £250,000 [\$375,000] to bank with Geneva, £50,000 to bank with London, and just £10,000 to start an offshore



trust in the Channel Island of Jersey — but many Jersey clients have vast sums with us."

You can approach Kleinwort Benson, one of the best-known names in London banking circles, with as little as £1,000. But you will not walk away as a private banking client, according to Robin Shearmur, director of private banking at the company. Mr. Shearmur describes three levels of service. Above the basic sale of an investment product, would-be clients with at least £50,000 to manage can expect "a discretionary managed mutual fund service" — that is, a service where the bank makes strategic decisions about which funds to invest in, acts on its decisions, and keeps the client informed.

"For a genuinely 'bespoke' service, clients should have at least £250,000," said Mr. Shearmur.

● What kind of service do I get for my money?

Again, the moral is that the more you've got, the more you get. There is considerable disagreement in the industry about services sold at the lower end of the market. Those institutions that have been offering private banking services for some time object to portfolio management services being sold under the more glamorous marketing title of private banking. But there is a measure of consensus on what constitutes the traditional core of the business.

"It's about the client's personal, family and business needs," said Mr. Vergnion of Chase Manhattan. "It's essentially a personal service. If the client just wants a return on assets,

it's fairly simple. If it's a question of asset planning to take care of spouse and family, it's a planning process. That may include an educational element of explaining the decisions you're advising the client to take."

Mr. Shearmur lists the absolute basics of private banking as "a segregated investment account, fulfillment of all the client's banking requirements, deposit-taking, advice on mortgage and liability management, regular reporting, and the establishment of a relationship with the bank."

● How important is location?

"This kind of banking is an international business," said a Bermuda-based banker who spoke on condition of anonymity. "Typically, a private-banking client has assets in more than one country. Usually, the client will be in a different country from his banker. But not usually the other side of the world."

The key practical considerations include the time zone in which the bank operates. It can be inconvenient to get up in the middle of the night to talk about your personal finances. And, of course, the language and culture of the bank are important.

● What does it cost?

Nowhere is the meaning of discretion better expounded than when trying to elicit information from bankers on this subject.

"The question isn't what you pay or don't pay," said Mr. Vergnion. "It's what kind of value do I, as a banker, add to your portfolio. I add value, and the client pays for that. He's not buying a Honda. It's not a fixed price."

Computerization Broadens Client Base

By Conrad de Aenlle

LONDON — Personal asset management used to be a privilege of the wealthy, those with enough assets worth managing profitably for banker and client. But with the advent of souped-up computer systems that enable banks to benefit from economies of scale, they have set much lower the threshold where "wealthy" begins.

They are not alone in pursuing only moderately affluent customers. Stockbrokerages and fund companies, some tied to banks, are plumb the bottom end of the private banking market by offering personal portfolio management to clients who in the past only received order execution, account statements and perhaps corporate research reports.

"The private client part of our business has been the fastest-growing in recent years," said David Rosier, chairman of Mercury Asset Management, the fund management arm of the S.G. Warburg banking concern. "It's an area we're committed to growing, and it's growing fast."

The growth has come from broadening the client base to include the merely comfortable along with the obscenely rich. Mr. Rosier said that despite inflation, the minimum size for a personally managed portfolio has decreased over the last 10 years.

By bringing more customers into the fold, Mercury is able to throw more business to its corporate parent. Those meeting Mercury's minimum of \$250,000 for a personally managed portfolio can open a Warburg bank account, make transfers, borrow money, and so on. In addition to the 1 percent asset management fee, Warburg collects charges on the banking transactions.

"We're trying to turn a customer into a [private banking] client at the bottom end," said Mr. Rosier.

By seeking out such clients, banks and other financial service providers feel they can run

their businesses more cost effectively, benefiting all concerned.

"It has given us the ability to achieve volume and scale quickly and has allowed us to spread our overhead," observed David Maguire, director of marketing for Lloyds Private Banking, which was set up five years ago to handle the British bank's domestic private-client business. Lloyds accepts clients with as little as £75,000, or \$110,000. "If you limit it to £1 million, you're going to have to charge them a fair bit."

The cost of asset management has come

count managers are left with a fair amount of room to tailor portfolios to meet individual clients' tastes based on their risk tolerance, financial and business circumstances, and on their personal quirks.

"The technology allows us to break those investors down to individual holdings," Mr. Chowdhury said. "You can determine to some extent what restrictions you want to impose — no tobacco or gambling stocks, for instance. You don't have the flexibility to do that in an ordinary fund."

A trend among brokerage firms, especially in the United States, is to offer a personal portfolio management service known as a wrap account because the costs of brokerage transactions, research and advice are wrapped together in a single fee of 2 or 3 percent of assets, depending on the size of the account, how active it is and what sorts of investments are generally made. Two leaders in the field, Merrill Lynch and Smith Barney Shearson, are estimated to have more than \$50 billion under management between them in wrap and similar personal management accounts.

Wrap accounts are relatively unheard of outside the United States, where there is very little demand for personal portfolio management, except that offered by fund companies and banks. Joanne Hindle, chief executive of IFA Promotion, which represents British independent financial advisers, said that since 1987, the percentage of financial intermediaries providing personal management has fallen steadily.

"There's not much call for financial services from IFAs. The feeling is Brits don't talk about money or feel they need" that sort of service, Ms. Hindle said. "The very rich go to private banks, the rest just live on the money; they earn, they don't need financial services." She has, however, noticed "a graying of the boundaries" among banks, fund companies and other providers of asset management services.

The cost of asset management has come down thanks to technology...

down thanks to technology that allows investments to be made more easily than ever before. If the decision is made, say, to exit the French stock market and buy into Germany, "you can complete that switch in 10 minutes for your whole client base," said Mr. Rosier.

"What technology has brought to this area, as in so many others, is added efficiency," said Peter Rees, marketing director of Rothschild Asset Management. "You can handle more clients and more money with fewer people and provide a better service. You are widening the options of what markets you can realistically invest in."

With the right hardware, "a manager has the benefit of managing hundreds of accounts in virtually the same fashion," said Deepak Chowdhury, head of product development for Lehman Brothers. "The manager can look at one number, say \$50 million, which is really 500 clients."

Even though clients' funds are pooled, so-

Big Players Dominate Expanding Sector

Continued from page 13

Michael Tomalin, managing director of Barclays Private Banking. "If you talk to the global players, they'll have offices in Switzerland, London, the Cayman Islands. It's a business that transcends geography and legal entity."

What used to matter most to clients was safety — keeping their wealth hidden away when the cossacks came to the door. Being out of harm's way was critical. Now it's more important for a bank to be in the thick of things, near markets and their clients' personal and business activities. That has eroded the dominance the Swiss have enjoyed for two centuries.

"Swiss banks have been steadily losing market share for 10 years or more," said Mr. Brown of Morgan Stanley. "It's happened because private banking in Switzerland grew up on the basis of confidentiality and security. The world has changed. . . . There's more interest in performance."

A survey by Chase of its private banking

clients found that a "stable environment for assets" was their foremost concern. But two items reflected the importance of performance ranked second and fourth: "preserving wealth against inflation and depreciation" and "increasing wealth substantially."

As the big international banks develop their businesses, the old-line Swiss banks are trying to fend off the encroachment on what used to be their nearly exclusive territory. These venerable institutions are expanding their asset management services and worldwide reach in an effort to stay competitive.

"The private client side of the bank is taking more notice of asset management," said Stephen Barber, an executive director of Pictet Asset Management U.K., a division of the Swiss bank Pictet and Cie. that was set up to manage institutional money. "The growth of our institutional business is transforming the way private clients are being handled."

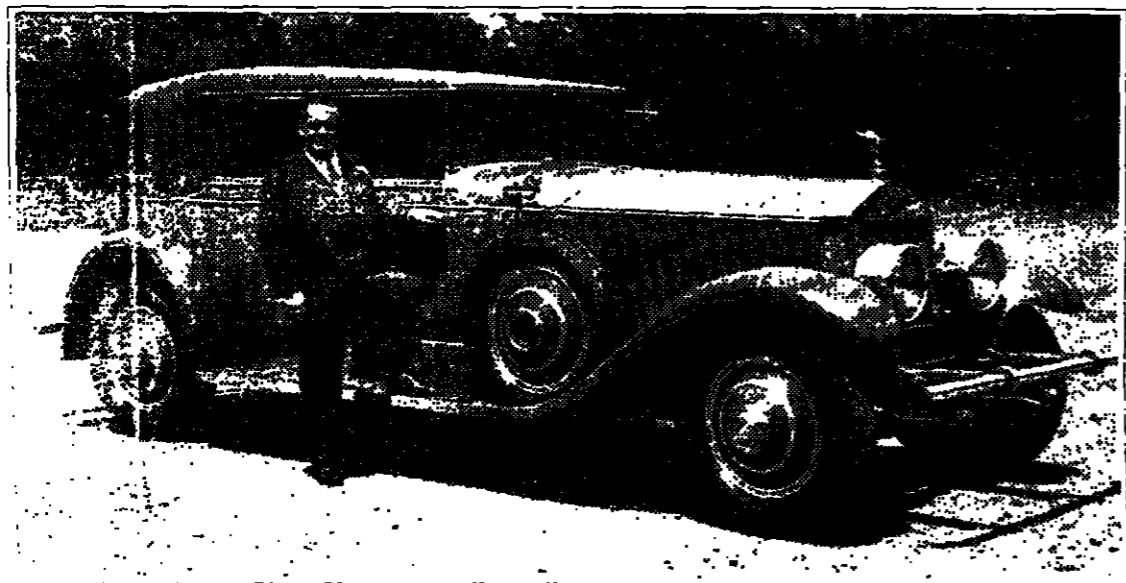
As opposed to traditional private banks that offer "a push checkbook, but not professional portfolio management," Pictet thinks that de-

veloping this aspect of its business is vital for staying competitive with its many new rivals. "The bank recognizes that it's not going to grow if it retreats back into its own private world," Mr. Barber acknowledged. "If we don't develop our institutional side, we are in danger of sinking into a backwater."

Bankers insist that they can develop that business without sacrificing personal service — something that is essential in a treacherous competitive environment.

"It's not unusual for private banking clients to say, 'We want personal service, but with the investment management of big institutions,'" said Rod Hearn, a colleague of Mr. Barber at Pictet. "Innovation and tradition are not in conflict with each other; they go hand in hand. The competitive demands of the institutional marketplace are reinvigorating the private banking business."

CONRAD DE AENLLE writes about finance and investment from Paris.



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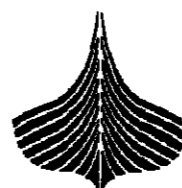
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Duchy Clings to Status

Continued from page 13

investment capital from other countries. That reasoning has been behind the pressure that some EC members, most recently Belgium, have exerted on Luxembourg to fall into line.

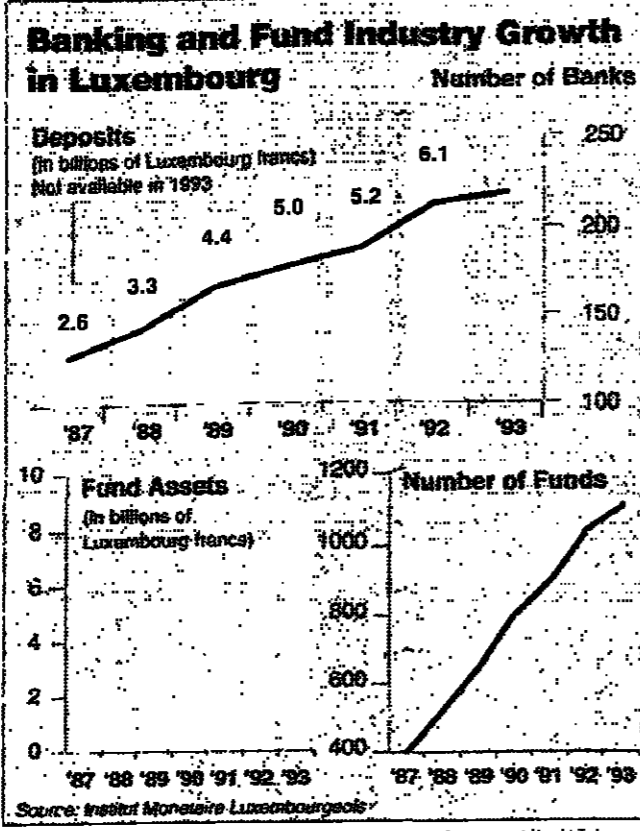
The Luxembourg banking establishment, however, has a direct response: "We would agree to a common withholding tax only on two conditions," said Lucien Thiel, general manager of the Luxembourg Bankers Association, the duchy's trade group for the banking industry. "That it be adopted not just for all EC countries but for all OECD countries, such as Switzerland and Austria; and that other offshore centers in the European sphere such as Jersey, Guernsey and Gibraltar would be forced also to adopt the tax. Otherwise, it makes no sense."

Mr. Thiel said that, were all EC countries to have a common withholding tax without those conditions, the result would be obvious: Billions of dollars in investment capital would flow out of Luxembourg, and thus out of the EC, into other financial centers. Such a development, he said, would be tantamount to the EC cutting off its nose to spite its face. "And those who have been putting pressure on Luxembourg are beginning to realize that," Mr. Thiel said.

Ian R. Swindale, associate director of Mourant & Co., a Jersey trust concern, concurred that Luxembourg's loss would be Jersey's gain. "If Luxembourg lost its status, Jersey and Guernsey would be the primary beneficiaries, more than Switzerland," he said.

A case in point has been the rapid flight of capital out of Germany into Luxembourg, following Germany's adoption in January of a 30 percent withholding tax on capital gains that surpassed a certain level. During the first four months of this year, an estimated 100 billion Deutsche marks (about \$60 billion) in deposits poured over the border, prompting many German banks to establish Luxembourg branches, and setting off advertising campaigns that baldly urged German depositors to avoid the tax by taking their money to the duchy.

The big loser was the German internal revenue service, not the



German economy, since a substantial portion of the funds that fled ended up being channeled back into Germany through Luxembourg mutual funds investing in German securities. While the same pattern could occur to some extent on an EC-wide level, say critics of a comprehensive withholding tax, much of the expected outflow of capital from the EC could end up elsewhere, resulting in the draining of overall economies, not just tax coffers.

Luxembourg has not had to rely on German tax laws to boost its vitality as a financial center, however, as investors from all over Europe and from Asia have sought the expertise and confidentiality available in the duchy. Since 1987, the number of banks registered in Luxembourg has grown 72 percent to 219, while deposits have risen from 2.6 billion to over 6 billion Luxembourg francs (\$165 million). The fund industry has also thrived over that period, with the number of funds growing nearly 700 percent, to 1,107 (multitax umbrella funds being counted as one), and fund assets growing from 1.1 trillion francs to almost 9 trillion francs.

The tricky balancing act of maintaining high secrecy standards while eschewing money thought to be tainted has emerged as a major issue for private bankers, and those in Luxembourg defy critics to find another financial center that pulls it off more effectively. The Luxembourg court ruling earlier this month that approved the return of ill-gotten funds to the wife of an alleged drug baron resulted from the court's inability to make a now-closed loophole retroactive. Many Luxembourg bankers reacted in disgust to the ruling, saying it undermined their conscientious efforts to keep the duchy's image clean.

"Luxembourg complies with all EC legislation designed to fight money laundering and goes even further," said Michael Wittmann, an official at Banque Générale du Luxembourg. "There are no anonymous accounts, banks don't accept cash, and there are very strict controls on all international transfers. It's obviously in bankers' own best interests to stay away from anything which seems suspicious, and to report such things to proper authorities."

Ultimately, the fate of Luxembourg as a tax haven within the EC is likely to take years of haggling to decide. In the meantime, however, the other financial centers that would gain from its demise are avoiding any premature celebrations. "Nobody here is making plans based on the assumption that Luxembourg will fall off its perch," said Mr. Swindale, in Jersey. "That would be the cream on the cake."

PHILIP CRAWFORD is a financial journalist based in Paris.

A Haven for East Europe's New Wealth

By Aline Sullivan

LONDON — Loans to Russia and Eastern Europe have given Western bankers plenty of sleepless nights in recent years. But increasingly, they are able to find consolation in lucrative private banking relationships forged with the self-made millionaires of the former Communist bloc.

In these countries, commercial banking relationships are fast ripening into personal relationships. Russian industrialists who have done business on behalf of their companies with banks based in London or Zurich will seek advice from the same banks on how best to invest their personal wealth.

"Capital is being built up in Eastern Europe and a good portion of that is being banked abroad," said Gunnar Kraam, head of international private banking at the Bank of Boston. "The banks that are active in this area are those that already have commercial relationships in the region. Also, Swiss banks are attractive because of their reputation."

Credit Suisse, which received in November a full banking license for its office in Moscow, hopes it will soon be able to foster private banking relationships as well as corporate links. "Eastern Europe is a future market for our bank," said a spokesman for the Zurich-based bank. "We expect a lot of demand from the region but at the moment private banking business is still modest."

Britain's Barclays Bank also expects its private banking operations in the region to grow rapidly. "We are seeing some big increases on the corporate accounts and we are getting some private banking referrals from that," said a bank official. "We expect more in the future." Barclays has representative offices in Budapest, Prague and Warsaw as well as Moscow.

Other Western banks already operating in Russia and Eastern Europe include Germany's Dresdner Bank, which has a joint venture in St. Petersburg with Banque Nationale de Paris, and France's Crédit Lyonnais. Citibank and Chase Manhattan of the United States are also operating in Moscow.

But winning private-client business through setting up branches in Russia or Eastern Europe is not all plain

'It is almost certain that someone or some group will have a camera trained on the door of the bank.'

sailing. A London-based lawyer, who asked not to be named, said: "The upside of setting up a bank branch in Moscow and some of the other countries is the access to clientele. But there are big concerns about confidentiality. It is almost certain that someone or some group will have a camera trained on the door of the bank."

Another big problem for the banks emerged on Nov. 18, when Russian President Boris Yeltsin signed a decree restricting the ability of foreign banks to service residents and small commercial companies until 1996. The decree, which came as a surprise to Western bankers, was designed to protect Russia's almost 2,000 small banks and stem the flow of capital out of the country.

"We are studying how these new restrictions will affect our office in Moscow," said an official at Chase Manhattan Bank in New York. "Until we know more, we are

continuing to work with our corporate finance representatives in the region to see which clients have need of our private banking services."

Although the ideal private banking relationships with Western clients already have confidentiality built into them, most banks, concerns about confidentiality mean that most prospective clients choose to turn up at a bank's doors in New York, London or Zurich, often carrying briefcases full of dollars. The new decree in Russia is expected to encourage this trend, bankers said.

"These investors want to open foreign and offshore accounts but are hard pressed to meet the security requirements of most Western banks. Bankers admit they are eager for the business but few are prepared to risk handling the assets of the growing criminal class in Russia and Eastern Europe."

"The important thing is for the client to have good references," said a Swiss banker who asked not to be named. "This is very difficult for many of the Russians who would like to deposit funds abroad because they have made their money in very shady ways." A Dresdner Bank official in Frankfurt said investors with ill-gotten gains are unlikely to try the established banks in Russia or the West but instead arrange through their lawyers and accountants to lodge their funds in offshore tax havens.

John Roper, director-general of the Guernsey Financial Services Commission, sees growing interest in offshore accounts among Russian and Eastern European investors but says it is difficult to establish security. "There are plenty of people with money coming out of the region but institutions need to take great care. Let's just say that the commercial morality of East Europe is certainly no greater than in the West."

ALINE SULLIVAN is a journalist based in London.

As Competition Heats Up, Marketing Stays Cool

By Martin Baker

PARIS — The marketing axiom is timeless: Some things are bought, and some things are sold. Private banking undoubtedly falls into the category of things sold. Luxury product that it is, bankers like to convey the impression that the client, even though he will be paying dearly for it, is in some way privileged to have their attentions.

Unfortunately for the bankers, the old-fashioned coziness of private banking has been recognized as alluringly profitable by a growing number of banks.

"It is seen as a labor-intensive area, but not one which is price-sensitive," said Christopher Davis, a banking analyst at Barclays de Zoete Wedd in London. "In other words, if you get the advice right, the costs you can charge can be impressive. The other factor which has lured banks into the market is that little of private banking involves lending. So you don't have your capital tied up and a ballooning balance sheet."

"There are more players than ever before, but you couldn't say that the market itself is expanding," said Kevin Kenny, director of international private banking at Guinness Mahon. More players in a static market:

Isn't this a recipe for cutthroat competition, loud advertising and gasoline pump-style price wars?

Not at all, according to Robin Shearman, London-based director of private banking at Kleinwort Benson. He acknowledges the increased competition, but says that "aggressive advertising of a private banking service is almost a contradiction in terms. The hallmark of this business is discretion."

The constantly recurring theme in almost any analysis of private banking is the quality of the service provided. Ian Partridge, Geneva-based marketing director of the Chase Manhattan Private Bank for Europe, the Middle East and Africa, said that "80 percent of our clients are referrals from other satisfied clients. Of course, the name and the positioning of the brand worldwide helps."

Mr. Partridge sees the way forward for his bank not in expanding the market (in other words, increasing the number of potential clients) by lowering minimum deposit entry levels, but by "increasing our share of the existing market." Mr. Partridge said the bank's managed investment accounts have increased by 40 percent this year.

Mr. Kenny at Guinness Mahon agrees that the ideal way to garner new business is the unsolicited testimony of the person paying for the service: "The best marketing

strategy possible is a first-party introduction, a recommendation to a new client by a satisfied client you already have."

Trevor Falle at ANZ Grindlays looks at some of the newer banks that have entered the fray and wonders if they will be able to compete with the better-established, more traditional players in the field. He, too, sees referral as the most important conduit of new business, but believes that the strength of a bank's international network (as opposed to its long-term reputation as a private banker) will be crucial here.

IN the short term, Mr. Falle expects a flurry of image-based or "brand" advertising by banks who simply want to promote awareness of their names. But in the longer run, he, too, is an advocate of the service theory of business propagation.

Mr. Partridge at Chase Manhattan argues that the high-service, more traditional concept of private banking is ultimately a different market from the services offered at the lower end. "There are a lot of newcomers below that point of the \$1 million client, but above that level there's a lot of consolidation. That diminution in numbers is continuing above that level."

Christopher Davis of BZW agrees. He

argues that the growth of private banking at the lower end of the market is a by-product of banks' investment in technology and streamlined business systems: "On a basic level, the argument is that the more standardized your branch network, the less variety of product you achieve. And there's always a demand for something different."

"The greater availability of services called private banking is part of a general philosophy of customer segmentation. Try applying a common, basic service to six million customers and you have problems at the top end of your client base. Try offering everyone an upmarket service and your costs get completely out of hand."

And keeping costs low in a competitive environment is vital. Even the Swiss banks, arguably the guardians of most traditional of all private banking cultures, are cutting costs, said Mr. Davis. "There is major rationalization and restructuring going on. What they're doing is not shutting down branches, but reducing full banking capability. If you want the full private banking service nowadays, you can't get it in every village. You have to go to Geneva or Zurich."

MARTIN BAKER is editor of the International Herald Tribune's Money Report.

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Umbrella Funds Let Savers Join the Club

By Conrad de Aenle

LONDON — As portfolio management becomes available to the less well-to-do, fund companies are reaching out to even smaller savers, in some cases those with no more than \$1,000 to commit. Asset allocation funds have a manager who switches clients' money among several types of investment, primarily stocks, bonds and cash.

This is not personal portfolio management, of course, but for the sums involved, it's probably as close as is practicable. As with many financial trends, this is an American idea, one that certainly has caught on. As of Nov. 15, there were 96 U.S.-registered funds in this category, with total assets of \$21.9 billion, according to Microcap, which compiles statistics for the global fund industry. About half of those funds did not exist as recently as three years ago.

A related group called balanced funds, which also invest in a mixture of assets, but with less management discretion in the allocation, had assets of \$44.9 billion, Microcap's information shows.

Americans are used to the idea of putting their money into a fund. Indeed, there are more funds than there are stocks traded on the New York Stock Exchange. Savers in other countries are more likely to leave their money in a commercial or savings bank and take what they get.

In an effort to grab a chunk of that market, a number of fund purveyors in Europe have begun offering what are known as "umbrella funds" or "funds of funds." These divvy up money among a company's range of funds with varying investment objectives.

Shareholders receive active management of their money by having a professional make the allocation choices, and the fund companies take management fees and sometimes sales commissions at several turns. That can make them relatively bigger earners than American-style asset allocation funds that invest directly in securities.

Around the beginning of this year, Fidelity Investments, the world's largest fund company, started a British version of its American fund Asset Manager, which is by far the big-

gest asset allocation fund, with \$7.2 billion under management. Customers pay Fidelity 0.5 percent of assets per year for running the Portfolio Management Service, plus the usual management fees of the individual Fidelity funds it invests in.

Umbrella funds are offered by many private banks and fund companies to clients who do not meet the minimum for full private banking or personal portfolio management service. Mercury Asset Management, for instance, has a Luxembourg-registered umbrella fund for clients with less than the \$250,000 required for an individually managed account. Rothschild

'It's a difficult field these days. Even people who are rich invest in unitized products.'

Asset Management offers the Libra Service, which has a minimum investment of \$50,000, or about \$75,000.

Libra is unusual in that it invests in funds in and out of the Rothschild range. To make up for the management fees it forgoes, and to compensate for the extra work involved in analyzing a wider universe of funds, Rothschild takes a fee of 1.5 percent of assets.

While American asset allocation funds generally provide no choice once the money has been handed over to the managers, except to withdraw some or all of it, the European versions often offer a choice, albeit a limited one, of several portfolios that vary according to their presumed riskiness.

"You can be fairly flexible," said Peter Rees, marketing director of Rothschild Asset Management, "but it's the usual thing: People want to invest in three core portfolios. We may restructure to allow more flexibility." For now, the Libra service comes in three flavors, as does Fidelity's.

Trevor Robinson, who runs the Portfolio Management Service, said Fidelity's intention was to wean investors in Britain from their dependency on savings banks. Many who keep their money on deposit in such institutions are naive investors who tend to enter the stock market only after it has made most of its move. By stressing the multiple investment objectives, this type of fund can be marketed as a safer alternative to straight equity funds.

"My fund . . . is a way to get into stocks, but not at the top," Mr. Robinson said. "We want to stop that from happening by giving them an intermediate step. If we have that stepping-stone, we can push the fund at this kind of time when interest rates are low and stocks are high."

Because asset allocation funds sprinkle money among different sorts of investment, managers are content to underperform a rising stock market, as long as they beat bank deposit rates; when shares fall, they hope their funds will not fall as much, and indeed Mr. Robinson's goal is to continue to beat deposit rates in a bear market.

The increasing acceptance of funds among Europeans, even well-heeled ones, is a bit of an irony for private bankers. It's hard to sell a deluxe service when the target market is content to buy the no-frills model.

"It's a difficult field these days," said Mr. Rees of Rothschild. "Even people who are rich invest in unitized products."

The minimum investment at Fidelity, \$10,000, is lower than many similar funds, but it, too, has managed to attract its share of affluent customers. "We've got clients in excess of \$1 million, but the average is certainly on the lower end," said Chrissy Keen, Fidelity's director of investor communications.

Fidelity sells the portfolio service by playing up its professional management, but Mr. Robinson says care is taken to ensure that would-be shareholders realize they will not get the same sort of treatment as the swells who patronize private banks. "We're very careful not to let Joe Blogs think he will have a personal manager looking after his money alone," he said.

Swiss Uphold the Family (Money) Doctor

Continued from page 13

holders, no boss, and is totally free to look after the interests of his clients," said Michel Drobert, director of both the Geneva Private Bankers Group and the Association of Swiss Private Bankers.

"In a private bank, asset management is the sole activity," said Patrick Odier of Lombard Odier & Cie. "We can devote our full attention to making sure we understand trends, competition and the client's demands and then try to allocate our resources intelligently."

"One of the best ways to define us as financial 'doctors,' the old kind who made house calls," said Benedict Hentsche of Danier, Hentsche & Cie.

But the days of the exclusive relationship with one private bank over generations may be over. In a sense, clients are applying the concept of spreading risk even to their financial advisers.

How are private banks coping with this new world? Most of the partners seek an "optimal

blend" between their old way of doing business and the new methods.

"As the institutional world has developed toward indexing and bench-marking," said Thierry Lombard, partner of Lombard Odier & Cie., "we have increasingly had to apply these techniques and objectives."

ANOTHER radical concept private banks have had to introduce is marketing. Gone are the days when a private banker could wait at his desk for clients to find their way, by recommendation, to Geneva. The private banks can no longer afford to be quite so allergic to self-promotion.

"When I joined the bank 10 years ago, we didn't even have a brochure," said Mr. Hentsche. "Even business cards were considered somewhat inappropriate."

Staying up to date with technology is also part of the new equation. The need to develop a first-rate computer network contributed to the 1991 merger of the two banking houses, Danier and Hentsche. Conversely, computerization can also be the key to remaining small.

Mirabaud & Cie. can function with only 90 employees thanks to continual investment since 1968 in the development of computer-aided services.

Private bankers in Geneva maintain a positive regard for the inroads on their turf. The stronger the position of Swiss banks as a whole, they say, the stronger will be the position of Geneva as a center of private banking.

"And in that environment, Geneva's five traditional private banks will have a lion's share because new clients tend to go to people with the oldest reputation," said Pierre Mirabaud of Mirabaud & Cie.

But the private bankers express concern about Geneva and Switzerland's future as a financial center. Obstacles, they say, need to be removed on three levels: in fiscal policy, which must be competitive and prevent emigration of markets and banking operations; in monetary policy, which must be credible to assure that the Swiss franc remains a strong currency; and in the general legislative framework.

SARAH VEAL is a journalist based in Geneva.

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MONDAY SPORTS

SCOREBOARD

NBA Standings

Table with columns for Eastern Conference (Atlantic, Central, Pacific) and Western Conference (Midwest, Pacific) showing team names, wins, losses, and percentages.

Midwest

Table listing Midwest basketball games with scores and key players.

Southwest

Table listing Southwest basketball games with scores and key players.

Far West

Table listing Far West basketball games with scores and key players.

Friday's Results

Table listing basketball games from Friday with scores and key players.

Major College Scores

Table listing scores for various college basketball games.

OLYMPIC SPORTS

World Cup Skiing

Results Saturday from Park City, Utah: 1. G. Heidegger (Austria), 2. M. B. ...

World Cup Skiing

Results Saturday from Park City, Utah: 1. G. Heidegger (Austria), 2. M. B. ...

Football

Major College Scores

Transactions

Baseball

Baseball

Baseball

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Friday's Results

Table listing basketball games from Friday with scores and key players.

Major College Scores

East

Table listing scores for various college basketball games.

West

Table listing scores for various college basketball games.

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Dennis the Menace



Blondie



Beetle Bailey



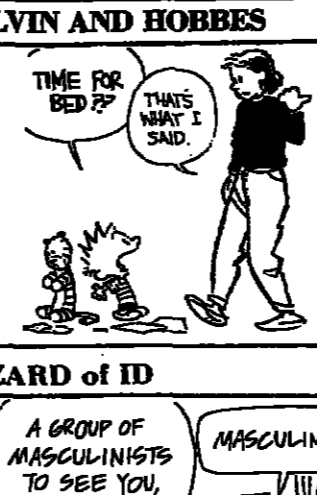
Doonesbury



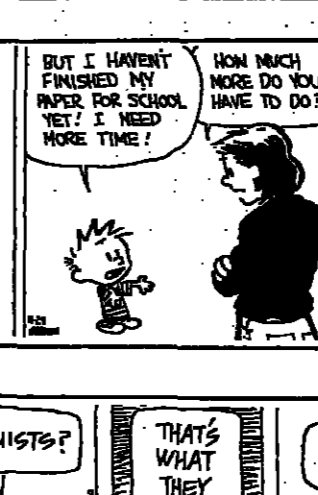
Garfield



Calvin and Hobbes



Wizard of Id



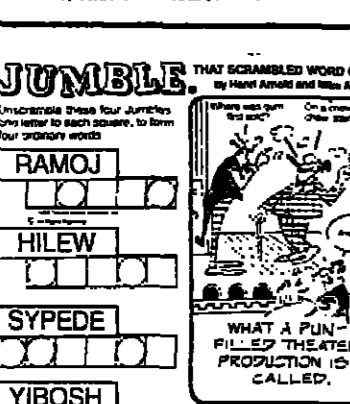
Rex Morgan



Garfield



Peanuts



Blondie



Beetle Bailey



Doonesbury



Garfield



Calvin and Hobbes



Wizard of Id



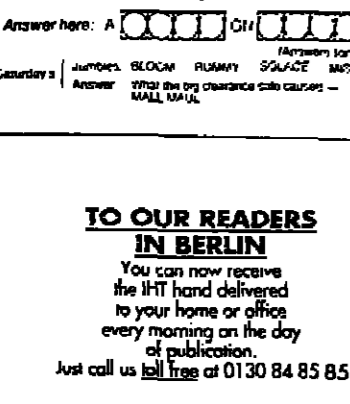
Rex Morgan



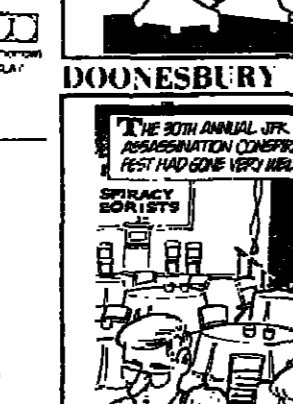
Garfield



Dennis the Menace



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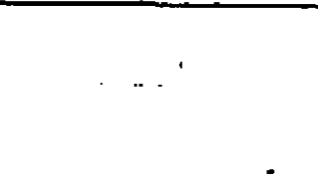
Dennis the Menace



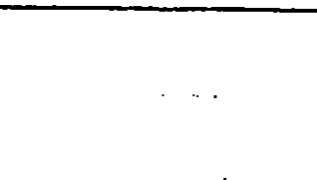
Blondie



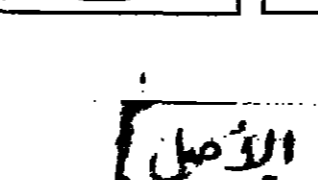
Beetle Bailey



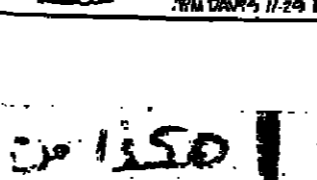
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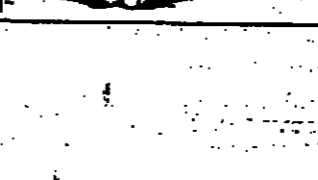
Garfield



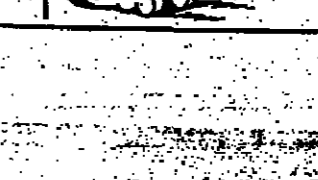
Calvin and Hobbes



Wizard of Id



Rex Morgan



Garfield



Dennis the Menace



Blondie



Beetle Bailey



Doonesbury



Garfield



Calvin and Hobbes



Wizard of Id



Rex Morgan



Garfield



MONDAY SPORTS

Legacy World Wins in Japan After Goof by Desormeaux

Compiled by Our Staff From Dispatches FUCHU, Japan — Legacy World, benefiting from a mistake by American jockey Kent Desormeaux, beat Breeders' Cup Turf champion Koushaan in a stretch battle Sunday in the Japan Cup, the world's most lucrative horse race.

Ridden by Hiroshi Kawachi, the 4-year-old Japanese-bred Legacy World covered the 1 1/2 miles (2.4 kilometers) on the turf in 2:24.4/5 to earn \$1.56 million from a \$3.61 million purse. A record crowd estimated at 175,000 turned out at Tokyo Race Course.

Winning Ticket, a Japanese horse ridden by Masao Shibata, was third. Germany's Platini finished fourth, and the American campaigner Star of Cozzene, who won the Man o' War, came home in fifth place.

Kotashaan, regarded as a leading candidate for the Horse of the Year title until his defeat, entered the stretch on the outside, but the French-bred horse was about 1/4 lengths back at the finish.

Desormeaux, partly blinded by the setting sun, mistook the 100-meter mark for the finish line. He briefly stood up in the saddle before realizing his mistake, then went quickly back into action. But it was too late, and the error cost him a \$460 fine from the Japan Racing Association.

"It was my mistake," Desormeaux said. "Before the race, JRA stewards advised all foreign riders to be careful about the goal and the 100-meter mark."

Kawachi said he felt he would have won anyway. "I was a full length ahead of Kotashaan when he made a mistake," he said. "So I don't feel I owe my triumph to his mistake."

Kawachi also won last year on Tokai Teio, with Legacy World finishing fourth. Mejro Palmer, one of seven Japanese jockeys, led for most of the race, with Legacy World second. But the winner sprinted to the front after the final turn as the pacesetter faded. By winning, Legacy World increased his earnings this year to \$2.1 million and his career bankroll to \$2.5 million.

A son of French-bred Mogami, Legacy World paid \$11.60, \$9.30 and \$3.15. Seven horses from Japan, three from the United States and one each from France, Britain, Australia, New Zealand, Germany and Italy competed in the race.

The globe-trotting French filly Urban Sea, winner of last month's Prix de l'Arc de Triomphe at Longchamp, was a disappointment, starting at 14-1 and finishing eighth.

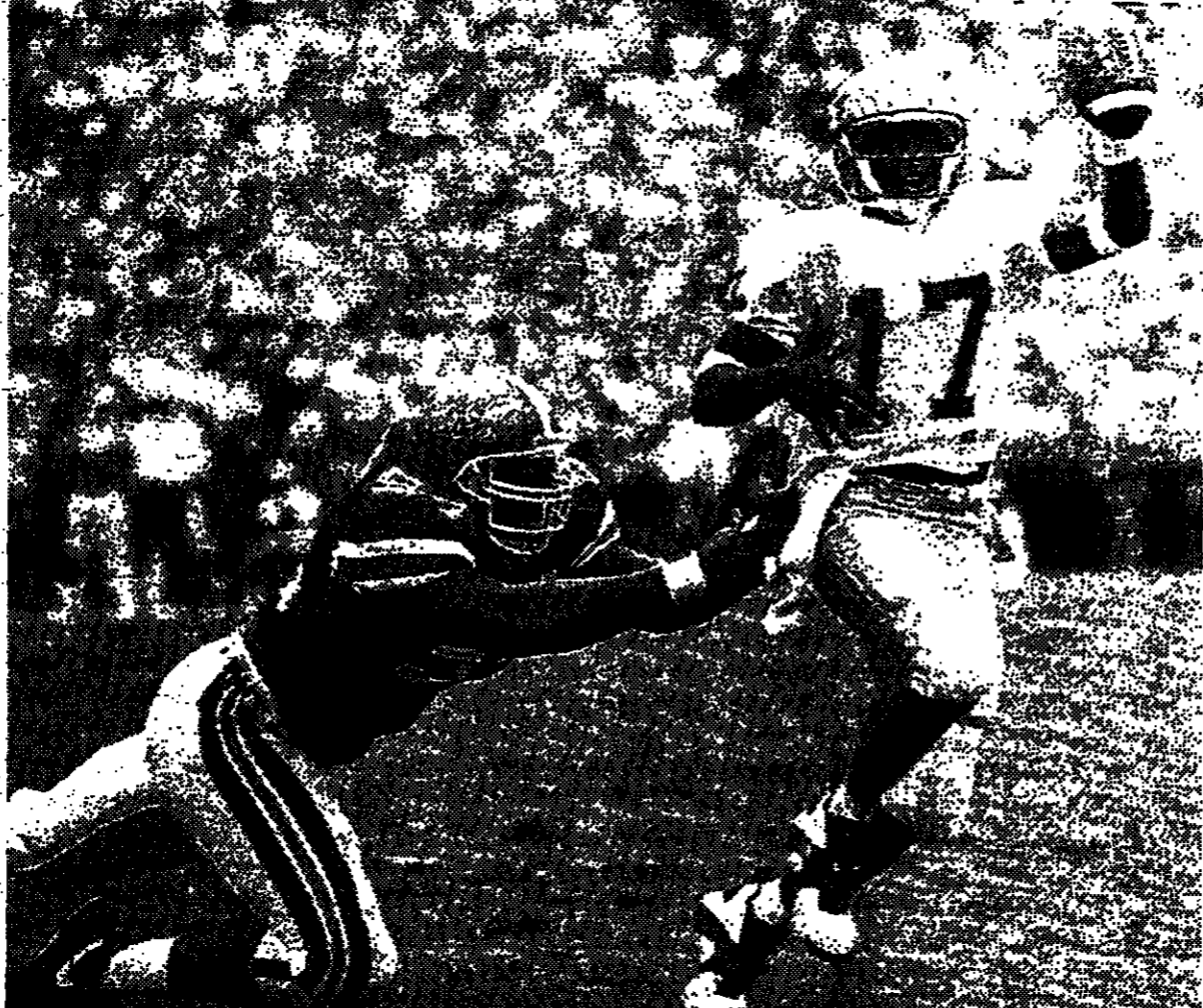
The only British runner, the 11-2 chance White Mezzle, ridden by John Reid, trailed home in 13th place.

Trainer Peter Chappell-Hyatt had brought White Mezzle to Japan, on Nov. 13 to allow the colt to adjust to the change in surroundings.

Instead, it was the second Japanese victory in the November classic in successive years.

In 1992 when Legacy World ran fourth, Tokai Teio won by a neck over Australia's Nambalana. The big upset horse was back again Sunday but this time finished a disappointing ninth.

(AP, Reuters, UPI)



Charlie Ward making one of many escapes from Florida tacklers in leading top-ranked Florida State to its 33-21 victory.

Ward Lets Loose as Seminoles Subdue Gators

By Ken Denlinger Washington Post Service

GAINESVILLE, Florida — Charlie Ward almost never turns his emotions loose in public, but this moment was unique. With a flick of his right arm, he had passed Florida State into a national championship game and wrapped up the Heisman Trophy for himself.

So Ward strutted. Few saw it, but he skipped toward the dressing room after the 33-21 victory over seventh-ranked Florida Saturday and threw a series of No. 1 salutes at the sky. For him, that's as much look-at-me as you'll ever see.

What also had thrilled everyone in college football — except a good deal of the record crowd of 85,507 at Florida Field and the entire state of West Virginia — was Ward on the run with the game on the line.

Until Ward scrambled to his left with about 5/8 minutes left, until he slipped a tackle and threw a brilliant touch pass that roommate Warwick Dunn turned into a 79-yard touchdown, Florida seemed bent on a comeback for the ages.

Down 20 points early in the fourth quarter, the Gators mounted 65-yard and 94-yard touchdown drives. Once during each surge, they made it on fourth and long. And the touchdown pass that brought them to within 27-21 might lead the all-time highlight reel.

The ball was tipped by one of the two Seminoles defenders blocking 5-foot-9 wideout Jack Jackson at the goal line. It then appeared to bounce off Jackson's helmet and off his left hand before he

managed to gather it in for a 31-yard touchdown.

Clearly, the Gators were not going to surrender easily their 23-game winning streak in this place they call The Swamp. And when their defenders swayed away, two Ward passes on the next series, they were excited about getting the ball back for a possible go-ahead touchdown.

"That was, without a doubt, the loudest I've ever heard the crowd," Florida coach Steve Spurrier said. "In fact, I even found myself covering my ears a little bit."

Spurrier soon wanted to cover his eyes a little bit, on third and 10 Ward

of the media poll and the coaches' poll.

Florida State, 11-1, had 2,956 points. In the media poll, the top three were Florida State, Nebraska and West Virginia. In the coaches' poll, it was Nebraska, West Virginia and Florida State.

Nebraska finished its season with a 21-7 triumph Friday over Oklahoma. West Virginia, also 11-0, clinched the Big East title Friday with a 17-14 victory over Boston College and is likely to play Texas A&M in the Cotton Bowl.

The Seminoles had a chance to put Saturday's game all but out of reach early but had to settle for two field goals and a 13-7 halftime lead.

Very quickly, the Florida State offense figured out how to move the ball — with short passes over the middle to its wide receivers and into the flat to its running backs.

In all, the Seminoles netted 566 yards. Ward accounted for 475 of them, completing 38 of 53 passes for 446 yards and running five times for 29.

"It was close to being a rout," Florida State coach Bobby Bowden said, "and it was close to us losing. It's a relief to get this thing over, because many a team as good or better has come here and lost."

Ward worked his short-passing game during a 57-yard drive for a 7-0 lead on the second possession, completing seven passes and hitting flanker Tamarick Vanover from five yards for the score.

Next time, Florida State drove from its 22 to the Florida 6 but had to settle for a Scott Bentley field goal. And the time after that, the Seminoles had first down on the Florida 11, only to have

Bengals Win Their First As Miscues Sink Raiders

The Associated Press CINCINNATI — The Cincinnati Bengals knew that sooner or later they'd win because of an opponent's blunders. It took 11 games, but they finally found their patsy: the Los Angeles Raiders.

The Bengals drew inspiration from Jeff Jaeger's four missed field goals — the most glaring of the Raiders' many mistakes and snapped their 11-game losing streak Sunday with a 16-10 victory.

Doug Pelfrey kicked field goals of 43, 34 and 44 yards into a swirling wind, and Eric Ball ran 1 yard for a touchdown sent up by a Raiders penalty as the Bengals became the last NFL team to win a game.

The Raiders (6-5) continued to struggle on offense. Jeff Hostetler completed just two passes in a first-half snow, and the Raiders opened the second half by fumbling at the Bengals' 10.

Hostetler scored on a 5-yard draw play early in the fourth quarter to cut it to 13-7. But Pelfrey put the Raiders in a tough spot by hitting from 44 yards with 6:16 left.

The closing minutes were filled with Raiders mistakes. Jaeger was short on a 48-yard kick, and Tim Brown bobbled a pass into the arms of linebacker James Francis for an interception. Then, after Jaeger hit from 34 yards with 44 seconds remaining, his inside kick

went out of bounds, letting the Bengals run out the clock.

The Bengals, 0-10 entering the game and losers of 11 straight overall, knew they had a chance to end the longest slump in franchise history when Jaeger hooked attempts from 42, 44 and 31 yards in the first half. Jaeger had missed only three

Brett Favre shook off a hard hit on the previous down and pitched a 23-yard touchdown pass to Sterling Sharpe with 1:16 left to give the Packers a 13-10 victory, their sixth in the last seven games.

Green Bay (7-4) managed only two field goals by Chris Jacke in the first 3/4 quarters of a game that began at 29 degrees Fahrenheit (minus 2 degrees Celsius) and featured 19 punts.

Tampa Bay (3-8) took a 10-6 lead with 7:33 to go when Craig Erickson hit Courtney Hawkins with a 9-yard touchdown pass, capping a 63-yard drive.

But Green Bay moved 75 yards in 15 plays as Favre and Sharpe, who had only three catches to that point, warmed up during the Packers' only sustained drive.

Tampa Bay got the ball back, but John Larkovick sacked Erickson, and a fourth-down pass fell incomplete.

Saints 17, Vikings 14: Wade Wilson got help from New Orleans' special teams and got even with Dennis Green.

One of Green's first moves when he became Vikings coach in 1992 was dumping Wilson. Sunday, the quarterback returned to Minnesota for the first time since and helped the New Orleans Saints beat the Vikings in Minnesota.

Ford Revez kicked what appeared to be a tying 41-yard field goal with 44 seconds left, but Fred Strickland was called for holding. Revez then shanked a 51-yarder.

Rookie Tyrone Hughes had a 99-yard kickoff return, and Morten Andersen kicked a 24-yard field goal with 10:06 to play for the Saints (7-4), who won for only the second time in six games after a 5-0 start.

Minnesota (5-6) has lost four of its last five games and has a losing record for the first time under Green. The Vikings lost only five games all last season in winning the NFC Central.

Jets 6, Patriots 0: With their passing game washed out by heavy rain and winds gusting to 68 miles an hour, the New York Jets slugged to a fifth straight win with a 6-0 defeat of the New England Patriots in Foxboro, Massachusetts.

The Jets (7-4) got all their points in the first half on field goals of 33 and 23 yards by Cary Blanchard, then used defense and a couple of crucial New England mistakes to protect the lead.

The Patriots (1-10) got inside the New York 20 twice in the final period, but a blocked field goal and a fumble kept them scoreless. The fumble came at the Jets' 7 with less than two minutes remaining, when Michael Timmons was stripped of the ball after catching a pass from Lonnie Young stripped the ball and Brian Washington recovered, ending a New England drive that started at the Patriots' 30 with 2:34 left. It was the first shutout for the Jets since Nov. 21, 1982, when they beat the Baltimore Colts, 37-0.

Falcons 17, Browns 14: Atlanta turned the makings of a rout into a tight game but held on to win. After building a 17-0 first-half lead holding Cleveland to 42 yards at the time, the Falcons had to survive a comeback led by Todd Philcox to edge the Browns in Atlanta on Sunday.

Febert threw touchdown passes of 14 yards to Andre Rison and 8 yards to Mike Frischar, and Norm Johnson kicked a 51-yard field goal as the Falcons won their third in a row and fifth in six games. The outcome left both teams with 5-6 records.

Cleveland, losing its fourth in a row, started its comeback on the final play of the third quarter, when Philcox hit Mark Carrier with a 35-yard touchdown pass.

The Browns cut it to 17-14 with 3:31 remaining when Philcox scored on a 37-yard quarterback draw.

Philadelphia 17, Washington 14: Bobby Brister mounted a 75-yard drive in the closing minutes and hit James Joseph for a 2-yard touchdown pass with 46 seconds left, giving Philadelphia the victory in Washington.

The Eagles (5-6) ended a six-game losing streak despite watching their 10-0 halftime lead disappear in a pair of Washington touchdowns in the fourth quarter. When the two teams met previously this year, Philadelphia rallied for a 34-31 victory.

Washington fell to 2-9 under rookie head coach Richie Petitbon, the Redskins' worst start since 1963.

There were 10,000 empty seats at RFK Stadium.

NFL ROUNDUP

kicks all season and hit four field goals last Sunday in a 12-7 victory over San Diego.

The Raiders also bungled on defense. A face-mask penalty nullified a fumble recovery, and the Bengals went on to score only their second rushing touchdown of the season. The offense has 10 TDs in 11 games, worst in the NFL.

Finally, there were dropped passes. Raghib Ismail dropped one at the Bengals' 12 in the closing minutes, and Brown's fumbling interception essentially ended it.

Cincinnati's David Klingler completed 14 of 20 for just 157 yards, but the Bengals won because they didn't turn over the ball.

Packers 13, Buccaneers 10: The Green Bay Packers, their offense frozen for most of the game, came out of the cold in the final minutes to beat the Tampa Bay Buccaneers in Green Bay and tie Detroit for the lead in the NFC Central.

Knoxville, Tennessee, the Volunteers (9-1-1, 6-1-1 SEC) scored enough points to become the highest-scoring team in school history. Tennessee ended the regular season with 471 points, an average of 42.8, breaking the record of 41.6 set in 1914. Charlie Garner rushed for 151 yards and a touchdown, and James Stewart rushed for three touchdowns. Tennessee scored on three consecutive offensive plays during one stretch in the second quarter. Vanderbilt (4-7, 1-7) was outgained by 299 yards, and its game on artificial turf at Neyland Stadium. Grass will be installed before next season.

No. 9 Miami 41, Memphis St. 17: At Miami, the Hurricanes (9-2) hit the record for longest home winning streak in NCAA Division I-A history, with their 57th straight victory in the Orange Bowl. Alabama set the record from 1963-82. Ryan Collins threw for 392 yards and three touchdowns and ran in another from 22 yards out. Memphis State (6-5) was hurt by five interceptions and two lost fumbles.

No. 14 Penn St. 38, No. 25 Michigan St. 37: At East Lansing, Michigan, the Nittany Lions trailed 37-17 with 2:54 left in the third period, then rallied to score the game's final three touchdowns. The last, with just over 11 minutes left, came on a 48-yard pass from Kerry Collins to Bobby Engram. The Nittany Lions (9-2, 6-2 Big Ten) kept their hopes alive for a Citrus Bowl bid. Michigan State (6-4, 4-3) appears headed to the Liberty Bowl against Louisville.

No. 6 Tennessee 62, Vanderbilt 14: In

two incompletions and a catch by Matt Frier fall far short of a first down.

The surprise early on was that Florida could do very little on offense. But just when it was starting to look as if the Seminoles' defense might pitch a shut-out for the first half, Florida put together a 65-yard yard touchdown drive to narrow the deficit to 13-7.

Danny Wuerffel directed the Gators' offense the first half; Terry Dean provided the dramatic thrills at quarterback the second. Florida seemed doomed on its first-half touchdown drive, when an obvious offside against the Seminoles was not called and Wuerffel got thrown for a 13-yard loss.

But the Gators scored anyway, as Willie Jackson somehow got free in the back of the end zone and made the catch on third and goal from the 11.

Florida State took the second-half kickoff and drove 65 yards for a 20-7 advantage. Ward ended a lineman and dumped a short pass to Dunn. Later, on third and goal from the 7, he lobbed a touchdown pass to split end Kez McCorvey.

"I don't think we ever tackled Charlie in the pocket," Spurrier said.

A Ward interception in the end zone killed a later drive, but he soon hit for a wide-open McCorvey from 16 yards for the touchdown that gave the Seminoles a seemingly safe 27-7 lead. Except the Gators wouldn't cooperate.

In other games involving top 25 teams, The Associated Press reported: No. 6 Tennessee 62, Vanderbilt 14: In

SIDELINES

Faxon Wins Australian Open by 2

MELBOURNE (AP) — Brad Faxon of the United States sank a 35-foot birdie putt on the 17th hole, where Jeff Woodland's challenge ended with a bogey 5, and won the Australian Open by two shots Sunday.

Woodland tied for second with fellow Australian Mike Clayton, who finished with two birdies for a 66. Faxon and Woodland each shot a final round 70.

Tom Lehman shot 69 to beat fellow American Phil Mickelson by one stroke in the Casio World Open in Tokyo. Seve Ballesteros finished the competition with a 73 for a disappointing four-round score of 291, 17 shots off the pace.

Gullit Gives Sampdoria Tie for First

ROME (AP) — Dutchman Rind Gullit scored two second-half goals Sunday to give Sampdoria of Genoa a 3-1 victory over visiting Cremonese and a share of first place in the Italian first division soccer league standings.

With 19 points, Sampdoria is tied with Parma and AC Milan, which played to a scoreless draw.

For the Record

The Swedish trotter Ina Scot set a world record for consecutive victories in harness racing by winning her 31st straight in Kalmars, Sweden. A Worthy Lad of Canada and Texon du Beame of France had shared the record with 30 straight victories.

Hensley Menkens, once a can't-miss prospect of the New York Yankees, was given his unconditional release so the outfielder, 26, could sign a contract with the Chicago White Sox of the American League. (N.Y.T)

China's Pao-fo of Thailand knocked out Rafael Torres of the Dominican Republic in the fourth round in Bangkok to retain the WBA minimumweight crown.

Miguel Gonzalez of Mexico stopped Wilfrido Rocha of Colombia after 10 rounds to retain his WBC lightweight crown in Mexico City. (AP)

Jolly Good for England

LONDON — It was the upset of the year, and just the tonic for a victory-starved nation. "Our greatest win," England's captain, Wili Caring, said after Saturday's 15-9 victory over the New Zealand All Blacks, regarded as the best rugby union team in the world.

Kentucky Lays Claim to No. 1 By Beating No. 7 Louisville

The Associated Press

Tony Delk scored 19 points and Andre Riddick added 15 as No. 2 Kentucky, despite the protestations of its coach, staked its claim to college basketball's No. 1 ranking with a 78-70 season-opening victory over No. 7 Louisville.

"I think we showed" that "we are a hard-working, experienced team with a lot of potential," Pitino said Saturday in Lexington, Kentucky, "but I think Kansas deserves the No. 1 ranking... and they can have it. We don't want it."

North Carolina, ranked No. 1 in the preseason poll, lost to Massachusetts in the semifinals of the Preseason NIT. Kansas won the NIT by beating Massachusetts, 86-75, Friday night.

Kentucky, defeating its in-state rival for the fourth straight time, went on a 10-3 run in the opening 3:22 of the second half to open a 49-31 advantage.

Louisville battled back with an 11-0 spurt behind Clifford Rozier's eight points to close to 49-42 with 13:40 to go.

After Louisville pulled in front 57-51 on Dwayne Morton's 3-point at 8:22, Kentucky's Tony Delk hit a 3 from the top of the key and Riddick slipped inside for a layup and an 11-point lead.

Riddick then scored on a dunk off a rebound and hit a behind-the-back layup off a pass from Travis Ford, and Delk and Rodrick Rhodes sank 3-pointers as Kentucky opened a 74-56 margin with three minutes left.

Rozier finished with 29 points, hitting 11 of 15 shots, and grabbed 13 rebounds.

No. 4 Duke 86, Northeastern 72: Grant Hill scored 18 points, and Duke broke open a close game with a late first-half spurt.

The Blue Devils, 24-8 a year ago, won their 81st straight home game against nonconference competition and 12th straight season opener.

The Huskies, who won 20 games last year, had lost to Duke by 103-72 in 1992.

Cherokee Parks added 15 points for the Blue Devils, while Anthony Brown led the Huskies with 22 points.

Butler 75, No. 11 Indiana 72: Butler didn't allow a field goal in the final nine minutes as it upset Indiana for its first victory over the Hoosiers since 1958. Travis Tice, playing his first season with the

COLLEGE BASKETBALL

Bulldogs after sitting out a year following his transfer from Purdue, made a 3-point and three free throws in the final 2:13 to hold off the Hoosiers. He had 24 points to lead all scorers. Damon Bailey led Indiana with 23 points.

No. 14 UCLA 115, Loyola-Marymount 77: Shon Tarver scored 23 points to lead five UCLA players in double figures in Los Angeles.

The Lions added to their woes with 12-for-25 shooting at the line. UCLA had 17 steals and forced 27 turnovers.

No. 21 Purdue 88, Portland 73: Glenn Robinson scored a tournament-record 41 points as Purdue won the championship of the 16th Great Alaska Shootout in Anchorage.

Robinson, a preseason All-

America choice, connected on three field goals and a pair of 3-pointers in the first seven minutes of the second half as the Boiler-makers (3-0) built a 16-point lead.

Three baskets by the Pilots' Cassan Chatman closed Portland (2-1) to 66-55 with about nine minutes to play. But Robinson led the Boiler-makers on an offensive burst that restored their comfortable margin.

Robinson's performance, on 15-for-25 shooting from the field, broke the long-standing Shootout single-game record of 37, last attained in 1986. His three-game total of 97 points shattered the mark of 85 set by Alaska Anchorage's Jason Kaiser earlier Saturday.

No. 15 Georgetown 84, Virginia State 64: Eric Micoud scored 11 of his game-high 19 points for the Hoyas (1-1), who rebounded from a loss to neighboring Maryland to beat the Division II team from Virginia.

No. 25 Wisconsin 106, Wisconsin-Milwaukee 84: In Madison, freshman center Rashard Griffith made his first collegiate game a memorable one, scoring 27 points. Michael Finley scored 21 and Tracy Webster 17 as the Badgers avenged a five-point home loss to UWM last season.

ROCKETS SPUTTER, BUT EDGE CLIPPERS TO RUN STREAK TO 13-0

The Houston Rockets are still unbeaten. Barely. An 82-80 victory over the Clippers on Saturday night in Los Angeles left the Rockets the NBA's only undefeated team. But the last three of their 13 victories have come by a combined seven points.

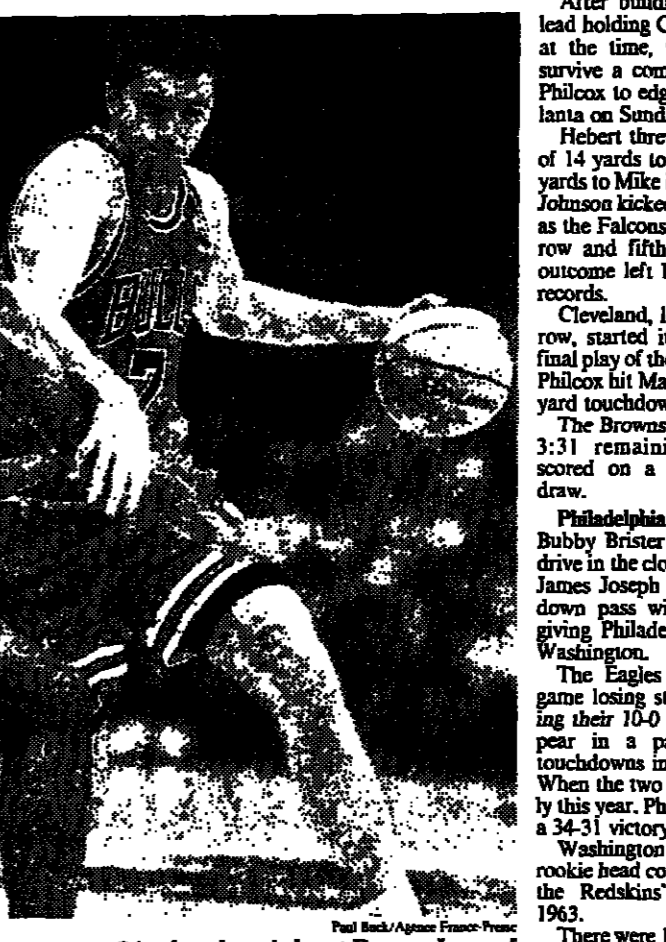
"We dodged a bullet," coach Rudy Tomjanovich said after his team blew a 22-point lead and capped with the help of Hakeem Olajuwon's jumper with 22 seconds left.

Olajuwon had 15 points and 15 rebounds and Vernon Maxwell scored 17 points for the Rockets, whose winning streak is the third-longest to start a season in NBA history. The Washington Capitals

NBA ROUNDUP

won their first 15 games under coach Red Auerbach in 1948-49, and Auerbach's Boston Celtics began the 1957-58 season with 14 victories.

The Rockets, who have won a franchise-record eight consecutive road games, need to beat the Mil-



Toni Kukoc, en route to 24 points, barreled past Popeye Jones of the Mavericks for a slam dunk as Chicago won, 108-85, in Dallas.

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LANGUAGE

Rip: A Long, Ripsnorting Journey:

By William Safire

WASHINGTON—There's a lot of money in the health care system, President Clinton said in criticism of the insurance industry, "that doesn't have a rip to do with health care."

What's a rip? To most of us, a rip is a tear in a piece of clothing. The noun is formed from the verb to rip, from the Middle English and Flemish rippen, "to strip off vigorously."

The word bears tearing apart. To an aviator, a rip is a device to release a parachute by tearing its container; to a carpenter, a rip saw is a tool with coarse teeth to cut with the wood's grain. The word has an affinity with water: to a swimmer, a rip tide is a strong current that pulls you away from the shore, and to a sailor, a rip is a stretch of water made choppy by crosscurrents. Latin rīpa means "river bank" leading to riparian rights, like the right to fish (though the word has no connection with RIP, request in pace, "rest in peace").

Not all current uses of the word stem from the verb meaning "to pull apart." Rip also means "a dissolute fellow; a rake," possibly from rip, short for rīpōrō; from that sense of boisterous behavior, we get the current rīp-rōrōing and rīp-rōrōing.

In 1904, an anonymous prison inmate wrote in "Life in Sing Sing" that the verb rip meant "to steal with impunity," probably in the sense of separating, or ripping apart, a piece of property from its owner. In 1967, that was stretched to rip off, and as a noun that colorful word picture rip-off has become a permanent synonym for theft and swindle.

Separation is the essence of the meaning. John Bartlett, in his 1857 Dictionary of Americanisms, spotted let her rip, which he defined as "let her go," an indication that some device was about to be allowed to leave at some great rate. Returning to the noun form, and the idea of an item torn away, in Scottish dialect, a rip is "a shred, rag, tatter," leading to the Scottish and English dialect sense of "rubbish; anything worthless." Similarly, in both British and early American slang, a rip was "an old, broken-down horse."

Which brings us, meaning no disrespect, to the president and "that doesn't have a rip to do with health care." Joan Hall, associate editor of the Dictionary of American Regional English, provides me with a couple of citations to show how this sense of worthlessness in this versatile word "has also developed into a general euphemism that allows one to avoid hell or damn." From a story by the Southern author James Still in The American Mercury in 1940: "I hate like rip to call him down." From a 1942 pamphlet called "Dialect of Grant County, Indiana": "I don't give a rip."

When DARE's field workers asked its interviewees, "If you don't care what a person does, you might say, 'Go ahead, I don't give a—,'" the word rip was offered, especially in the South and South Midland states.

Clinton's use fits this basic pattern. Hall says, "That doesn't have the slightest thing to do with health care," or "That doesn't have a damn thing to do with health care." And Clinton, of course, comes from the South Midland, so he's being true to his roots." Some readers will wonder why I am making such a big deal out of a little word, using valuable space that

could be devoted to something important, like a slashing attack on the misuse of predicate nominatives. Ah, but rip is a diamond of a word, buried deep in the earliest Indo-European languages, cut into different meanings by various trades and fabled further by thieves' argot and by creative plain folks.

To follow its permutations back into the roots of our tongue is to delight in etymology, dialectology and the study of modern slang. Meanings of simple old words separate into a variety of senses and often, after decades or centuries, come together in unexpected ways; you cannot study language without a sense of family.

The next time you see a sports headline like "Stink Ripper Cowboys," or thrill to a movie about Jack the Ripper, or hear the president of the United States profess not to give a rip about his reputation — think about this little word's long journey: it can hook you into language meanderland.

David Brinkley welcomed Vice President Al Gore on his Sunday morning ABC program with a cordial "Thank you for coming." Gore — so so many guests now do — answered with the aphetic "thank you" with a slight emphasis on the you.

You're welcome used to be the standard response to thank you," writes Daniel Kocan of Orlando, Florida. "Now thank you is the stock response to thank you. Since when, and why? Can you explain this recent doppelgänger phenomenon?"

First to doppelgänger. This is from the German for "the ghostly double of a living person," and is an apt description of the returned thank you. Next to the aphetic or shortening of words or phrases by the elimination of the unstressed word or syllable: the I is lost in I thank you.

Now to the rampant Alphonse-Gastonism on the airwaves. "After you," "No, after you," Richard Weiner, author of Webster's New World Dictionary of Media and Communications, thinks it is a subtle form of one-upmanship, or at least the aversion of one-downmanship. "Say that Dan Rather and Connie Chung are on the air, and Dan says, 'Thank you.' If Connie replies, 'You're welcome,' then Dan may appear to have the advantage. A returned 'thank you' equates their positions."

We have here what psychologists call focal stress. The primary emphasis in a spoken sentence often affects its interpretation, as in "What do you THINK?" vs. "What do YOU think?" In the current abandonment of welcome, the ripotee "Thank YOU," means "Thank you for having me," or less suggestively, "Thank you for inviting me," in unspoken words, it says, "I can match you thank for thank" in the grandiose contest.

With assertive humility, the new counterappreciation avoids the appearance of acknowledging a favor that the responder may have done for the thanker. Listen for it; the aphetic verbal doppelgänger has all but abolished what used to be the polite response.

New York Times Service

INTERNATIONAL CLASSIFIED

Appears on Page 4.

Barneys' Gene Pressman: The Vision at the Top

By Suzy Menkes

NEW YORK — Gene Pressman dresses like John Wayne in designer jeans. He hopes down to the basement of his new store, past the loaves of fancy bread, Italian cheese and knobby potatoes making an arty sculpture in the restaurant.

Up the escalator to where the display cases are such perfection of joinery that you want to run your hands over the pale wood grains. And then to the fashion floor, Pressman's pride and choice, where any color is fine — as long as it is gray or black. The new Barneys store on Madison Avenue at 61st Street is what the fashion world calls a Statement. With 230,000 square feet (21,160 square meters), it is a big statement.

"Not only do you have to have vision at the top — every single person under you must have total consistency — and I'm amazed at how much we have done," says Pressman, 42, who dismisses the competition — the rest of Manhattan's uptown stores — as "dinosaurs."

They in turn accuse him of being so hip it hurts; of feuding with his father and brother about expanding the family business; of not paying enough attention to the uptown customer; of being slow to settle

modern fashion, pared down, stark and uncompromising, Barneys is it.

The result is an impressive overview of what is modern — and that includes the \$100 million store itself, opened in September. It is designed by Peter Marino & Associates with minute attention to detail, from crushed mother of pearl on the apothecary counter ("Look at the way we display, no one does that!") to the forest of bleached sycamore and white oak wood.

But what about the unapologetically monochromatic Plain Jane fashions that detractors dismiss as just the swing ticket for politically correct gay women?

"We have to take a leadership position — and the clothes reflect that," says Pressman. "I don't like whistles and bells. This season was a dark season, but we always did black. And nobody walks in here with garish colors."

Pressman's idiosyncratic way of buying from his designers can be seen either as a merchant's statement — or as hubris. Pressman is unrepentant.

"They are lucky to be in the store, they should be proud to be in the store," he says. "What designers don't realize is that I have to sell it. Everything doesn't work. Most stores don't have a clue — they take the unwearable and ridiculous."

The overriding impression of Barneys is of Japanese stores with their airy spaces, seamless finish and cleanly displayed goods. Pressman admits that he inhaled a gust of energy from his first visit to Japan 13 years ago.

"In Japan they had a point of view that I had never seen and it blew me away," he says. "So much was new to me, I never saw anyone take shelving and run it across the length of the wall, or mix wood and stone."

Barneys now has a store in Japan, and the uptown store and overall expansion of 11 out-of-town stores has been done in conjunction with the Japanese store group Isetan, which invested \$250 million in a deal negotiated by his brother Robert.

Pressman may play the lone designer ranger, but the stores are a family affair, with his wife, mother, sisters and sister-in-law all buyers for Barneys.

Yet it is Pressman who stands or falls by the long-term success of the store and the hopes currently raised by the gridlock of limousines on Madison Avenue and the crowds flooding through.

"I don't want to say that I am a taste-maker," says Pressman in an uncharacteristic show of modesty. "We are a family-owned business who downtown did not have a great location so we had to work harder. Uptown wants the sense of humor and sensibility, the aesthetic freedom of downtown. We are about being modern. Look at our president — like him or leave him, it is a new generation."

A new generation: Pressman is ruthless in his selection and suppression of merchandise to give the New York store a sleek, streamlined style.



Andrew Eccles/Outback

Tastemakers

An occasional series about people for whom style is a way of life

suppliers' bills. But no-one could argue that Pressman lacks the most vital ingredient of fashion in the 1990s: an attitude.

Uptown, and downtown on 17th at Seventh Avenue, where the original Barneys was founded in 1923, Pressman is a taste-maker. Or, as he expresses it: "People say that if Barneys buys it, it must be good."

The self-styled editor in chief of the consumer society rejects totally the big-store concept that if someone will buy it, you stock it. Pressman has been ruthless in his selection and suppression of merchandise to give the store a sleek, streamlined style.

There are not the predictable designer labels — some because Pressman refuses to go with the flow, others because designers have refused to sell to him. In the store works for exclusivity. Pressman famously took a reluctant Giorgio Armani through the Swiss courts — and won.

Pressman talks up everything he sells, from the classy men's shoes to the women's hostility displayed in a surreal sculpture of legs, to the fine jewelry suspended in front of aquariums of exotic fish. If you want to understand the essence of

WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Table with weather forecasts for Europe, including cities like London, Paris, and Rome, with columns for High, Low, Wind, and Precipitation.



North America: Cold from Boston to Washington, D.C., Tuesday with a hurry possible; sunny and cool Wednesday and Thursday. Chilly in Chicago despite sunshine Tuesday, then milder Wednesday and Thursday. Rather warm for the season in Calgary Tuesday through Thursday with gusty winds.

Table with weather forecasts for North America, including cities like Boston, Chicago, and Calgary, with columns for High, Low, Wind, and Precipitation.

Table with weather forecasts for Asia, including cities like Bangkok, Hong Kong, and Tokyo, with columns for High, Low, Wind, and Precipitation.

Asia: Rain is heavy from Shanghai to Seoul and Tokyo Tuesday. In Japan, there will be some rain into midweek. Rain will fall at times in Taipei; a few showers will pass in Hong Kong. Beijing will be chilly and mainly dry; in Singapore, a tropical downpour is likely each day.

Table with weather forecasts for Africa, including cities like Cape Town, Johannesburg, and Lagos, with columns for High, Low, Wind, and Precipitation.

CROSSWORD

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Solution to Puzzle of Nov. 26. A crossword puzzle grid with the words: ETAL PERSE PENN, HAVE AMOUR ETTU, LRIE TEAMS OCHS, CAVEATE IMPRO, DER BIAL, CAESAR RARAVIAL, ARGON SOWA IST, PERSONANONGRATA, ROE ENDS ENTER, ALTEGRO ASSERT, ESNE BOS, INRE ENATE ABET, NOTA VIPER NAIL, ABED IDEST ANNO.

- DOWN: 2 Hear no..., 3 Cooking fat, 4 Highlights it, 6 Oil alternative, 8 U.N.C. and U.V.A. grp., 7 In a lofty style, 10 Artist's brown, 11 Bulldozer, 12 Captain's record, 13 Language suffix, 14 Church offshoot, 15 Artillery body, 22 Sharp eye, 24 Start up, 27 Not quite spherical, 28 Los Angeles motorist King, 29 Of the eyes, 30 Magnetism, 31 Shades, 32 By oneself: Prefix, 36 News entry, 37 Home port, 38 Burden, 40 Hall-of-Famer: Poet, 41 Divan, 42 Was in session, 43 Mole vacancy, 44 Does headwork, 45 Mounds, 46 How do you... relief?, 47 Church nook, 48 Writer Wisel, 49 Plagiarist, 50 Betsy, 51 Picnic pests, e.g., 52 Cumberland, 53 In the past, 54 One for Wilhelm, 55 Numbered rd.

"I wonder if the little guy had fun today?"



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Table of international access numbers for AT&T. Columns include country names and their corresponding access numbers. Countries listed include Andorra, Armenia, Austria, Bahrain, Belgium, Bulgaria, Cape Verde Islands, Croatia, Cyprus, Czech Rep., Denmark, Egypt (Cairo), Ethiopia, Finland, France, Gabon, Gambia, Germany, Ghana, Gibraltar, Greece, Hungary, Iceland, Ireland, Israel, Italy, Ivory Coast, Kuwait, Lebanon (Beirut), Liberia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malawi, Malta, Monaco, Netherlands, Nigeria, Norway, Poland, Portugal, Romania, Russia (Moscow), San Marino, Saudi Arabia, Sierra Leone, Slovakia, South Africa, Spain, Sweden, Switzerland, Turkey, Uganda, UAE Emirates, UK, Yemen, Zambia, and Zimbabwe.

Vertical advertisement for 'Asian Milit Regional' with various text and graphics. It includes the text 'Asian Milit Regional' and 'Newstand Price'.